

ANNUAL REPORT 2015-16



CHERAMAN FINANCIAL SERVICES LIMITED



CIN: U65923KL2009PLC025082

33/2337-E, 2nd Floor, "Chakiapadath Building", By pass Road,
Ponnurunni, Vyttila, Ernakulam - 682019;
E mail- mail@cheraman.com; Website: www.cheraman.com

NOTICE TO THE MEMBERS

Notice is hereby given that the Sixth Annual General Meeting of the Members of the Company will be held on Friday, the **30th day of September, 2016** at **11 A M** at the **Registered office** of the Company at 33/2337-E, 2nd Floor, "Chakiapadath Building", By pass Road, Ponnurunni, Vyttila, Ernakulam – 682019 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2016 together with the Reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2016 together with the Report of the Auditors thereon.
3. To appoint a Director in place of Dr M Azad Moopen (DIN 00159403) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ameer Ahmed (DIN: 00284273) who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr P Siddeek Ahmed Haji (DIN 02067488) and who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint auditors of the Company to hold office from the conclusion of this annual General Meeting (AGM) until the conclusion of the 5th consecutive AGM and to fix their remuneration.

To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"Resolved that pursuant to the provisions of Section 139 of Companies act, 2013 read with The Companies (audit and auditors) rules, 2014 and as per the recommendations of the audit Committee of the board of directors, M/s Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Cochin, (Firm Regn. No: 001488S) be and are hereby re-appointed as the

statutory auditors of the Company to hold the office from the conclusion of this annual General meeting till the conclusion of fifth consecutive Annual General Meeting, subject to the ratification of the appointment by the members at every Annual General Meeting held after this Annual General meeting on a remuneration as may be determined by the Audit Committee.”

SPECIAL BUSINESS

7. Appointment of Mr Cheril Krishna Menon (DIN: 01955233) as Non-Executive Director liable to retire by rotation

To consider and, if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr Cheril Krishna Menon (DIN: 01955233) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 13.08.2016, in terms of Section 161(1) of the Companies Act 2013 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation”

8. Appointment of Mr Abdulla Poyil (DIN: 02111206) as Non- Executive Director liable to retire by rotation

To consider and, if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr Abdulla Poyil (DIN: 02111206) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 13.08.2016, in terms of Section 161(1) of the Companies Act 2013 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation”

9. Reappointment of Mr. A P M Mohamedhanish I A S (DIN: 02504842) as Managing Director

To consider and, if thought fit, pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the recommendation of the Nomination & Remuneration Committee and approval of the Board, and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any

statutory modifications or re-enactment thereof), read with Schedule V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. A P M Mohamedhanish I A S(holding DIN: 02504842) as Managing Director of the Company, for a period of five years with effect from 17th December 2016."

by order of the Board
For **Cheraman Financial Services Limited**
Sd/-
Meera C
Company Secretary

Date :13.08.2016
Place: Cochin

Notes:

- a) Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. Proxy/ proxies need not be a member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. A member holding more than ten percent of total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The instrument of proxy in order to be effective should be deposited at the registered office of the company, duly completed and signed, not less than FORTY- EIGHT HOURS before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
- c) Corporate members intending to send their authorised representative to attend the Meeting are requested to ensure that the authorised representative carries a certified copy of the Board Resolution, Power of Attorney or such other valid authorisations, authorising them to attend and vote on their behalf at the Meeting.
- d) Members are advised to bring their copy of the annual report for reference and discussion.

- e) Members may also note that the Notice of the 6th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website www.cheraman.com for their download.
- f) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.30 am to 5.30 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

by order of the Board
For **Cheraman Financial Services Limited**
Sd/-
Meera C
Company Secretary

Date : 13.08.2016

Place: Cochin

EXPLANATORY STATEMENT PURSUANT TO SECTION 103 OF THE COMPANIES ACT, 2013

Item No 7

Mr Cheril Krishna Menon (DIN: 01955233) was appointed as the Additional Director of the Company w.e.f 13.08.2016. Pursuant to Section 161 of the Companies Act, 2013 read with Article 109 of the Articles of Association of the Company, Mr Cheril Krishna Menon holds office only up to the date of this Annual General Meeting of the Company and is eligible for appointment. A notice in writing has been received from a Member of the Company along with the requisite deposit under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr Cheril Krishna Menon as a candidate for the office of a Director.

Mr Cheril Krishna Menon is currently the chairman and Managing Director of Doha headquartered Behzad Group of Companies, which has diverse business and commercial activities in Qatar and neighbouring Gulf states, Sudan, UK and South Africa. The group's companies are mainly involved in fuel transportation by land and sea. He has high stakes in businesses like steel manufacturing, marketing of engineering machinery and equipment and distribution of car accessories among other activities. In recognition of his humanitarian and charitable deeds, Mr. Menon was conferred upon with the Indian civilian award "Padma shri" in 2009. He is also Vice Chairman of Cheraman Financial Services Ltd, the holding company.

The Board recommends the resolution for approval of the members.

Except Mr Cheril Krishna Menon, none of the Directors, key managerial persons or their relatives is interested in the resolution

Item No 8

Mr Abdulla Poyil (DIN: 02111206) was appointed as the Additional Director of the Company w.e.f 13.08.2016. Pursuant to Section 161 of the Companies Act, 2013 read with Article 109 of the Articles of Association of the Company, Mr Abdulla Poyil holds office only up to the date of this Annual General Meeting of the Company and is eligible for appointment. A notice in writing has been received from a Member of the Company along with the requisite deposit under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr Abdulla Poyil as a candidate for the office of a Director.

Mr Abdulla Poyil is the Managing Director of Al-Madina Hypermarket and Supermarket in UAE. Abdulla Poyil is involved in the specialized field of Supermarket/Trading. He has an experience of 20 years with this business.

The Board recommends the resolution for approval of the members.

Except Mr Abdulla Poyil, none of the Directors, key managerial persons or their relatives is interested in the resolution

Item No 9

Mr. A P M Mohamedhanish I A S(holding DIN: 02504842) was appointed as the Managing Director of the Company on 17.12.2011 for a period of five years. His term of appointment expires on 16.12.2016. Under the dynamic leadership of the Managing Director considerable progress has been made in pursuit of achieving the organizational objectives. Under his able leadership the Company has received Certificate of Registration from RBI and have commenced its operations. Further, the Company has achieved a cash breakeven level on a monthly basis. Under the leadership of Managing Director the company is moving towards net profit in the current financial year.

The Committee may note that the Government of Kerala vide Order No. G.O. (Rt) No. 4204/2016/GAD dt. 01/07/2016 had directed that Mr. A.P.M. Mohamed Hanish, IAS will hold the additional charge of Managing Director, Cheraman Financial Services Ltd. This would facilitate making his services available for appointing him as the Managing Director of the Company..

The re-appointment will be made in terms of Article 151 of the Articles of Association of the Company. The terms of the proposed appointment is in conformity with the provisions of Sections 196, 197, 198 & 203 read with Schedule V and other applicable provisions of the Companies Act, 2013.

The Board recommends the resolution for approval of the members.

Except Mr. A P M Mohamed Hanish I A S, none of the Directors, key managerial persons or their relatives is interested in the resolution.

INFORMATION REQUIRED TO BE FURNISHED UNDER SECRETARIAL STANDARDS - 2 ON GENERAL MEETINGS

As required under Secretarial Standards - 2, the particulars of Directors who are proposed to be appointed/re-appointed at this Meeting are given below:-

Name of Director	Dr M Azad Moopen (DIN 00159403)	
Age	15/04/1953	
Qualification	MBBS, MD(Medicine)	
Experience in functional area	Over 3 decades of experience in healthcare sector	
Directorship in other Companies	1. Dr. Ramesh Cardiac And Multispeciality Hospital Private Limited 2. Kerala State Industrial Development Corpn Ltd 3. Malabar Institute Of Medical Sciences Ltd 4. Norka-Roots (Sec 25 Company) 5. Aster DM Healthcare Limited 6. DM MED City Hospitals (India) Private Limited 7. Wayanad Infrastructure Private Limited 8. Indogulf Hospitals Private Limited 9. Greater Malabar Initiative Foundation 10. Malabar Trade And Convention Centre Private Limited	
Terms & Conditions of appointment	NA	
Date of First appointment	04/09/2013	
Shareholding	3.25	
Relationship with other directors	Nil	
No of Board meeting attended	Held	4
	Attended	1
Membership/ Chairmanship of Committees	Nil	

Name of Director	Mr. Ameer Ahmed (DIN: 00284273)	
Age	22/09/1953	
Qualification	1. MBA, 2. Member Of Chartered Management Institute (UK)	
Experience	Track record of creating & managing successful business for the last 3 decades.	
Directorship in other Companies	1. Kerala State Industrial Development Corpn Ltd 2. Connect Plus Private Limited 3. Agnice Fire Protection Private Limited 4. Eurocasa Impex Private Limited 5. Code Red Electronics And Security Systems Private	

	Limited 6. Teejan Builders Private Limited 7. Manappat Infratech Private Limited 8. Malappuram Coconut Producer Company Limited 9. Shajar Timber Trading Private Limited 10. Ubergreen Organics Private Limited	
Terms & Conditions of appointment	NA	
Date of First appointment	04/09/2013	
Shareholding	Nil	
Relationship with other directors	Nil	
No of Board meeting attended	Held	4
	Attended	1
Membership/ Chairmanship of Committees	Nil	

Name of Director	Mr P Siddeek Ahmed Haji (DIN 02067488)	
Age	01/05/1968	
Qualification	Honorary Doctorate in Philosophy from a Tamil Nadu University	
Experience	Twenty five years of experience in business and contractual activities	
Directorship in other Companies	1. ERAM ISEA Cleantech Private Limited 2. Valley World Entertainments Private Limited 3. ITL Tours And Travels Private Limited 4. ERAM Technologies Private Limited 5. ERAM Animation Lab Private Limited 6. PBG Holding Private Limited 7. ERAM Infotech Private Limited 8. Darshana Communications Private Limited 9. ERAM Support Service Private Limited 10. Greencourt Builders And Realtors Private Limited 11. ERAM Property Network Private Limited 12. ERAM Motors Private Limited 13. ERAM International Private Limited 14. ERAM Scientific Solutions Private Limited 15. ERAM Hitech Engineering India Private Limited. 16. INKEL Limited 17. K V M Plaza Private Limited	
Terms & Conditions of appointment	NA	
Date of First appointment	30/11/2009	
Shareholding	19.48%	
Relationship with	Nil	

other directors		
No of Board meeting attended	Held	4
	Attended	1
Membership/ Chairmanship of Committees	Nil	

Name of Director	Mr. A P M Mohamedhanish I A S(DIN: 02504842)	
Age	17/02/1969	
Qualification	B tech Civil Engineering	
Experience		
Directorship in other Companies	Roads And Bridges Development Corporation Of Kerala Limited	
Terms & Conditions of appointment	NA	
Date of First appointment	17.12.2011	
Shareholding	Nil	
Relationship with other directors	Nil	
No of Board meeting attended	Held	4
	Attended	3
Membership/ Chairmanship of Committees	Member of Allotment Committee Member of Investment Committee	

Name of Director	Mr. CHERIL KRISHNA MENON(DIN:01955233)	
Age	18/04/1949	
Qualification	BA, LLB	
Experience	Indian entrepreneur with more than 35 years of experience	
Directorship in other Companies	1. NORKA-ROOTS (SEC 25 COMPANY) 2. Symphony TV And Entertainments Private Limited 3. INKEL Limited 4. TJSV Steel Fabrication And Galvanizing (India) Limited 5. BEHZAD Steel And Galvanizing Private Limited 6. INKEL-KINFRA Infrastructure Projects Limited 7. INKEL-KSIDC Projects Limited 8. BEHZAD Bunkering And Shipchandling Private Limited 9. Sowparnika Leasing Gold Finance Private Limited 10. TJSV Farms And Resorts Private Limited 11. Revital Life Sciences Private Limited 12. TJSV Hospitality And Developers Private Limited	
Terms & Conditions of appointment	NA	
Date of First	13.08.2016	

appointment	
Shareholding	9.74%
Relationship with other directors	Nil
No of Board meeting attended	NA
Membership/ Chairmanship of Committees	Nil

Name of Director	Mr. Abdulla Poyil(DIN: 02111206)
Age	21/05/1970
Qualification	BA graduate
Experience	20 years with this business
Directorship in other Companies	1. SAAFCO Infrastructures & Developers Private Limited 2. Al Madina Exports Private Limited
Terms & Conditions of appointment	NA
Date of First appointment	13.08.2016
Shareholding	9.74%
Relationship with other directors	Nil
No of Board meeting attended	NA
Membership/ Chairmanship of Committees	Nil

by order of the Board
For **Cheraman Financial Services Limited**

Date : 13/08/2016
Place: Cochin

Sd/-
Meera C
Company Secretary



CIN : U65923KL2009PLC025082

33/2337-E, 2nd Floor, "Chakiapadath Building", By Pass Road,
Ponnuruni, Vyttila, Ernakulam - 682019; www.cheraman.com

DIRECTOR'S REPORT

Your Directors have pleasure in submitting their Sixth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2016

1. FINANCIAL RESULTS OF THE COMPANY

Particulars	Amount in Rs	
	As on 31.03.2016	As on 31.03.2015
Total Revenue	6,480,985	11,35,408
Total Expenses	12,125,429	1,14,97,715
Exception item (Reimbursement of legal expenses of KSIDC)	Nil	(14,88,192)
Provision for Taxes	Nil	Nil
Profit/(loss) for the year	(56,44,444)	(88,74,115)

2. REVIEW OF PERFORMANCE

On a standalone basis, your Company has recorded a total income of Rs 64,80,985 for the financial year ended 31st March 2016. The total expenses incurred during the year under review is 1,21,25,429 , resulting in a loss of Rs 56,44,444 after exceptional items and provision for taxes.

During the year under review, Cheraman Infrastructure Private Limited, the wholly owned subsidiary Company, recorded net loss after tax and exceptional item of Rs 11,36,608, as against the loss of Rs. 17,18,088 in the previous year. Cheraman Funds Management Limited, the wholly owned subsidiary Company recorded net loss after tax of Rs 5,19,901 against the loss of Rs 43,88,110 in the previous year. Suits India Private Limited, the investee Company recorded net loss after tax of Rs 65,72,765 against the loss of Rs 25,54,135 in the previous year.

On a consolidated basis, the Company recorded a total income of Rs 76,15,699 during the financial year as against Rs 10,21,506 in the previous year. The total expenditure incurred during the financial year amounts to Rs 2,13,90,366 as against Rs 2,01,68,087. The Company recorded a loss after tax before minority interest of Rs 1,38,73,717 for the financial year, as against Rs 1,75,34,446 in the previous year .

3. DIVIDEND

No Dividend was declared for the current financial year.

4. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

5. CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements of the Company are prepared in accordance with Section 129 of the Companies Act read with relevant Accounting Standards issued by the Institute of Chartered Accountants of India and forms a part of this Annual Report.

6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on 31st March 2016, following are the subsidiaries of the Company:

- i. M/s Cheraman Infrastructure Private Limited
- ii. M/s Cheraman Funds Management Limited
- iii. M/s Suits India Private Limited

In accordance with Section 129(3) of the Companies Act, 2013, the salient features of the financial statement of the subsidiaries is set out in the prescribed form AOC-1, which forms part of this Annual Report.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of your Company consists of 14 Directors as on the date of this report, as follows:

Category	Name of Directors
Executive Director	<ul style="list-style-type: none"> Mr A P M Mohamed Hanish I A S
Non - Executive Independent Directors	<ul style="list-style-type: none"> Mr T Balakrishnan Mr Mohammed Fayaz Salam

Non - Executive Non - Independent Directors	<ul style="list-style-type: none"> • Mr Ibrahimhaji P A • Mr Najeeb E M • Mr P V Abdul Wahab • Mr M A Asharf Ali • Mr P K Ahammed • Mr P Siddeek Ahmed Haji • Dr Shamsheer V P • Mr Cheril Krishna Menon- Additional Director * • Mr Abdulla Poyil - Additional Director *
Nominee Directors of M/s Kerala State Industrial Development Corporation Limited.	<ul style="list-style-type: none"> • Dr M Azad Moopen • Mr Ameer Ahmed

* from 13.08.2016

i. Appointment

Mr CK Menon (DIN: 01955233) and Mr Abdulla Poyil (DIN: 02111206) were inducted to the Board as Additional Directors , with effect from 13.08.2016. They will hold the office till the date of ensuing AGM. The Company had received notices under section 160 of the Companies Act 2013, proposing the candidature of Mr C K Menon and Mr Abdulla Poyil for the office of directorship.

ii. Changes in Directors and Key Managerial Personnel (KMP) during the year 2015 - 2016

During the year under review, there are Mr. P V Abdul Wahab (DIN: 00114617) and Dr. V P Shamsheer (DIN: 02371712) were appointed as Director liable to retire by rotation in the AGM held on 30.09.2015, under section 160 of the Companies Act, 2013.

The term of Mr A P M Mohamed Hanish I A S (DIN: 02504842) as Managing Director of the Company expires on 16th December 2016. 2016. Your Directors recommend his re-appointment as Managing Director for the further term of 5 years from with effect from 17th December 2016.

There is no change in the KMPs of your Company during the year under report. The following are the Key Managerial Personnel of the Company:

- Mr A P M Mohamed Hanish I A S - Managing Director
- CA Remesh Shenoi S - Chief Financial Officer
- CS Meera C - Company Secretary

iii. Retirement by Rotation

Dr M Azad Moopen, (DIN 00159403), Mr Ameer Ahmed (DIN: 00284273) and Mr P Siddeek Ahmed Haji (DIN 02067488), Directors would be liable to retire by rotation and being eligible offer themselves for re-appointment. The Board of Directors of your Company recommends their re-appointment.

8. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company has conducted 4 Board meetings during the financial year 2015-16 on the following dates: 25.07.2015, 22.08.2015, 11.12.2015 and 11.03.2016.

Sl. No	Date	Board Strength	No. of Directors present
1	25 th July 2015	11	4
2	22 nd August 2015	11	7
3	11 th December 2015	12	4
4	11 th March 2016	12	4

9. DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

10. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE

Presently, Audit Committee of the Board comprises three Directors viz Mr. T Balakrishnan, Mr. Mohammed Fayaz Salam (independent Directors) and Mr. EM Najeeb as its members.

11. SHARE CAPITAL

During the year under review, the Company had allotted 54,50,000 equity shares of Rs 10 each, making the paid up capital of the Company at Rs. 28,80,00,000 as on 31.03.2016.

12. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. There was no foreign exchange inflow during the year under review. The expenditure in foreign currency during the year under review amounts to Rs. 3,18,03,168.

14. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company has a Risk Management Policy. The Risk Management policy is reviewed by the Board at regular intervals.

15. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note no 21.2 of NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS of Financial Statements

17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

There were no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

18. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORTS

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

19. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Nomination and Remuneration Committee of the Company have formulated Nomination & Remuneration policy in compliance with Section 178 of the Companies Act, 2013 for identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend

to the Board their appointment and removal and evaluation of every director's performance. The Company's policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178 (3) of the Companies Act, 2013, enclosed herewith as **Annexure I**.

20. EVALUATION BY BOARD OF ITS PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

In line with the requirement of section 134 and Section 178 of the Companies Act, 2013, the Board of Directors of the Company adopted a Performance Evaluation Policy. In line with the policy, annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board, was carried out.

21. ANNUAL RETURN

The extracts of Annual Return in Form MGT- 9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure II** and is attached to this Report.

22. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement of Section 134(3)(c) and Section 134 (5) of the Companies Act, 2013 and based on the representations received from the Management, your Directors state that :

- i. in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed and there are no material departures from the same;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the loss of the company for the year ended on that date;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis;

- v. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

23. PUBLIC DEPOSITS

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of Balance Sheet. Chapter V of the Companies Act, 2013 relating to acceptance of deposits by Companies, is not applicable to the Company since it is an NBFC registered with RBI.

24. RBI GUIDELINES

Your Company has complied with all the applicable regulations prescribed by the Reserve Bank of India from time to time.

25. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has appointed M/s Varma & Varma , Chartered Accountants Cochin, as the internal Auditors of the Company for the Financial year 2015-16. The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

26. STATUTORY AUDITORS

M/s. Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Cochin were appointed as the Statutory Auditors of your Company for Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of 5th Annual General Meeting until the conclusion of the 6th Annual General Meeting The Board of Directors recommends the re-appointment of M/s. Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Cochin as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General meeting till the conclusion of fifth consecutive Annual General Meeting, subject to the ratification of the appointment by the members at every Annual General Meeting.

27. PARTICULARS OF EMPLOYEES

During the financial year 2015-16, no employee of the Company was in receipt of remuneration exceeding the limits prescribed under the provisions of Section 197 of the

Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

28. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has zero tolerance for sexual harassment at work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013

29. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review.

- a) Details relating to deposits covered under Chapter V of the Companies Act 2013.
- b) Issue of equity shares with differential right as to dividend, voting or otherwise
- c) Issue of shares (including sweat equity shares) to employees of the company under any scheme save and except ESOP referred to in this report.
- d) No significant or material orders were passed by the regulators or Courts or tribunals which impact the going concern status and Company's operation in future.

30. ACKNOWLEDGEMENTS

The Directors place on record their appreciation for the support and services rendered by the shareholders, Reserve Bank of India, Government of Kerala and its agencies and officials, bankers, business associates and the employees of the company. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

Date: 13.08.2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Cochin

Mr. Mohammed Fayaz Salam
DIN: Din: 05279309
Director

A P M Mohammed Hanish I A S
DIN:02504842
Managing Director

CHERAMAN FINANCIAL SERVICES LTD
Nomination and Remuneration Policy

Introduction

In compliance with Section 178 of the Companies Act, 2013, the Board of Directors, in their meeting held on July 15, 2014 constituted the Nomination and Remuneration Committee with the following directors:

1. Mr. T Balakrishnan
2. Mr. Mohammed Fayaz Salam
3. Mr. EM Najeeb
4. Mr. P K Ahammed

Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key Objectives of the Committee are:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and evaluation of every director's performance.
- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Criteria for Appointment of Directors.

Board members are expected to possess the expertise, skills and experience required to manage and guide a budding financial service company. Expertise in areas like running business enterprises, strategy, finance, retail management, healthcare, private equity activities and infrastructure development is desirable. Generally, the members are between 30 and 70 years of age, and are not related to any executive directors or independent directors. They are not expected to serve in any executive or independent position in any company that is in direct competition with us.

Criteria for Appointment of KMP and Senior Management Personnel

- The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as KMP or at Senior Management level on case to case basis and recommend to the Board his/her appointment.
- A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.

Policy on Remuneration of Directors,

At present the company does not pay remuneration to Directors. This policy will be reviewed in due course of time.

Policy on Remuneration of KMP and Senior Management Personnel

- Company's remuneration policy is to ensure that the KMP and Senior Management Personnel are sufficiently incentivized for enhanced performance. The remuneration of KMP and Senior Management Personnel will be decided on a case to case basis to ensure that the levels of remuneration are sufficient to attract and retain personnel of the quality required to run the company successfully. The key components driving the decision will be:
 - ✓ compensation will be a major driver of performance.
 - ✓ compensation will be competitive and benchmarked with industry standards
 - ✓ compensation will be transparent, fair and simple to administer
 - ✓ compensation will be fully legal and tax compliant.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U65923KL2009PLC025082
ii.	Registration Date	30/11/2009
iii.	Name of the Company	Cheraman Financial Services Limited
iv.	Category/Sub-Category of the Company	NBFC, Limited by shares & Company having share capital
v.	Address of the Registered office and contact details	33/2337 - E, 2nd Floor, Chakiapadath Building, By pass Road, Ponnuranni, Vyttila Cochin, Kerala, India, 682 019
vi.	Whether listed company	Yes/No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Financial Leasing	6491	100
2	Equity Financing	6420	Nil
3	Financial consultancy/ Advisory services	7020	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% Of Shares Held	Applicable Section
1	Cheraman Infrastructure Private Limited 33/2337 - E,2nd Floor, Chakiapadath Building, By pass Road, Ponnurunni, Vyttila Cochin, Kerala, India, 682 019	U45203KL2011PTC029094	Subsidiary	100	2(87)(ii)
2	Cheraman Funds Management Limited 33/2337 - E,2nd Floor, Chakiapadath Building, By pass Road, Ponnurunni, Vyttila Cochin, Kerala, India, 682 019	U67190KL2012PLC032330	Subsidiary	100	2(87)(ii)
3	Suits India Private Limited 15/773,Karanjikudy House ,Perumbavoor P.O, Thottungal Lane, Ernakulam - 683542	U17200KL2013PTC035538	Subsidiary	86.25	2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

[illegible]

e) Banks / FI	-	11,00,000	11,00,000	13.28	-	31,00,000	31,00,000	10.76	-2.51
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	21849999	21849999	93.58	Nil	-	23299999	80.90	-12.67
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	1	1	-	-	1	1	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	1500000	1500000	6.42%	-	5500000	5500000	19.10	12.68
c) Others (specify)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	1500001	1500001	6.42%	-	5500001	5500001	19.10	12.68
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	23350000	23350000	100%	-	28800000	28800000	100	-

ii. Shareholding of Promoter-

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Mr C K Menon	3000000	12.85	Nil	3000000	10.42	Nil	-2.43
2	Mr Yusuffali MA	3000000	12.85	Nil	3000000	10.42	Nil	-2.43
3	Mr P Mohamad Al	2200000	9.42	Nil	2200000	7.64	Nil	-1.78
4	Mr Siddeek Ahmed Haji P	5000000	21.41	Nil	5000000	17.36	Nil	-4.05
5	Mr PNC Menon	100000	0.43	Nil	100000	0.35	Nil	-0.08
6	Mr PK Ahammed	349999	1.50	Nil	999999	3.47	Nil	1.97
7	Dr Ibrahim Haji P.A	2000000	8.57	Nil	2000000	6.94	Nil	-1.62
8	Mr Abdul Wahab	200000	0.86	Nil	200000	0.69	Nil	-0.16
9	Mr V K C Mohamad Ali	100000	0.43	Nil	100000	0.35	Nil	-0.08
10	Mr E.M. Najeeb	400000	1.71	Nil	400000	1.39	Nil	-0.32
11	DR Azad Moopen,	200000	.86	Nil	1000000	3.47	Nil	2.62
12	Mr N. K.Mohamed Ali	100000	0.43	Nil	100000	0.35	Nil	-0.08
13	Mr Ashraf Ali M.A	2000000	8.57	Nil	2000000	6.94	Nil	-1.62
14	Mr M P Ahamed	100000	0.43	Nil	100000	0.35	Nil	-0.08
15	M/s Kerala State Development Corporation Ltd	3100000	13.28	Nil	3100000	10.76	Nil	-2.51

iii.Change in Promoters' Shareholding (please specify, if there is no change)

Sl No	Name	Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Shareholding during the year			Cumulative Shareholding during the year March 31, 2016	
		No of Shares	% of the total share of the company	Date	Increase / Decrease in Promoters Share holding during the year	Reason	No of Shares	% of shares
1	Mr C K Menon	3000000	12.85	No Change			3000000	10.62
2	Mr Yusuffali MA	3000000	12.85	No Change			3000000	10.62
3	Mr P Mohamad Ali	2200000	9.42	No Change			2200000	7.64
4	Mr Siddeek Ahmed Haji P	5000000	21.41	No Change			5000000	17.36
5	Mr PNC Menon	100000	0.43	No Change			100000	0.35
6	Mr PK Ahammed	349999	1.50	28.04.2015	500000	Allotment	999999	3.64
				01.10.2015	150000	Allotment		
7	Dr Ibrahim Haji P.A	2000000	8.57	No Change			2000000	6.94
8	Mr Abdul Wahab	200000	0.86	No Change			200000	0.69
9	Mr V K C Mohamad Ali	100000	0.43	No Change			100000	0.35
10	Mr E.M. Najeeb	400000	1.71	No Change			400000	1.39
11	DR Azad Moopen,	200000	.86	28.04.2015	800000	Allotment	1000000	3.47
12	Mr N. K.Mohamed Ali	100000	0.43	No Change			100000	0.35
13	Mr Ashraf Ali M.A	2000000	8.57	No Change			2000000	6.94
14	Mr M P Ahamed	100000	0.43	No Change			100000	0.35
15	M/s Kerala State Development Corporation Ltd	3100000	13.28	No Change			3100000	10.76

iv. Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

SN	Name of share holder	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr Abdulla Poyil	At the beginning of the year	Nil	Nil	Nil	Nil
		Increase of shareholding by allotment of 10,00,000 shares each on 28.10.2015 19.12.2015 & 19.03.2016			3000000	10.42
2	M/s Eram Property network Private limited	At the beginning of the year	Nil	Nil	Nil	Nil
		Increase of shareholding by allotment of 1000000 shares on 28.04.2015	Nil	Nil	1000000	3.47
3	Mr Abdul Basheer	At the beginning of the year	1	0%	1	0
4	Mr K K Ashraf	At the beginning of the year	500000	2.14	500000	1.74

v. Shareholding of Directors and Key Managerial Personnel:

Sl No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Shareholding during the year			Cumulative Shareholding during the year March 31, 2016	
		No of Shares	% of the total share of the company	Date	Increase / Decrease in Promoters Share holding during the year	Reason	No of Shares	% of shares
1	Mr Siddeek Ahmed Haji P	5000000	21.41	No Change			5000000	17.36
2	Mr PK Ahammed	349999	1.50	28.04.2015	500000	Allotment	999999	3.64
				01.10.2015	150000	Allotment		
3	Dr Ibrahim Haji P.A	2000000	8.57	No Change			2000000	6.94
4	Mr Abdul Wahab	200000	0.86	No Change			200000	0.69
5	Mr E.M. Najeeb	400000	1.71	No Change			400000	1.39
6	DR Azad Moopen	200000	.86	28.04.2015	800000	Allotment	1000000	3.47
7	Mr Ashraf Ali M.A	2000000	8.57	No Change			2000000	6.94
8	Dr V P Shamsheer	1000000	4.28	No Change			1000000	3.47

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding /accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
* Addition	Nil	Nil	Nil	Nil
* Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director ,Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1.	Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary under section 17(3) Income- tax Act, 1961					Nil
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - as % of profit					

	- others, specify...					
5.	Others, please specify					
6.	Total(A)					Nil
	Ceiling as per the Act					

B. Remuneration to other directors :NIL

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
	<u>Independent Directors</u> •Fee for attending board committee meetings •Commission •Others, please specify					Nil
	Total(1)					Nil
	<u>Other Non-Executive Directors</u> •Fee for attending board committee meetings •Commission •Others, please specify					Nil
	Total(2)					Nil
	Total(B)=(1+2)					Nil
	Total Managerial Remuneration					Nil
	Overall Ceiling as per the Act					Nil

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD

Sl. no.	Particulars of Remuneration(Per annum)	Key Managerial Personnel			
		CEO	Company Secretary*	CFO	Total
1.	Gross salary (a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2)Income-tax Act,1961 (c)Profits in lieu of		Rs. 735000 ¹ Rs. 15,000.00 Nil	Rs. 14,60,004.00 ² Rs. 15,000.00 Nil	Rs. 21,95,004 Rs. 30,000.00 Nil

	salary under section 17(3)Income-tax Act, 1961				
2.	Stock Option		Nil	Nil	Nil
3.	Sweat Equity		Nil	Nil	Nil
4.	Commission - as % of profit -others, specify...		Nil	Nil	Nil
5.	Others, please specify		Nil	Nil	Nil
6.	Total		Rs.7,50,000/-	Rs.14,75, 004/-	Rs. 22,25004/-

1. from May 2, 2015. Before May 2015, Gross salary was Rs 685008 and value of perquisites was Rs 15000

2. from August 17, 2015. Before August 17, Gross salary was Rs 13,40,004 and value of perquisites was Rs 15000

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment / Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers In Default					
Penalty					
Punishment					
Compounding					

Date: 13.08.2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Cochin

Mr. Mohammed Fayaz Salam

A P M Mohammed Hanish I A S

DIN: Din: 05279309

DIN:02504842

Director

Managing Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHERAMAN FINANCIAL SERVICES LIMITED

Report on the Standalone Financial Statements:

We have audited the accompanying standalone Financial Statements of **Cheraman Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the Companies(Accounts) Rules, 2014. This responsibility also 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these standalone 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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:

- i) in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2016.
- ii) in the case of the Statement of profit and Loss, of the loss of the Company for the year ended on that date;
- iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), 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 the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- 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”; and
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) Referring to Note No.27 of the financial statements, the Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii) As mentioned in Note No.28 to the financial statements, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Sd/-

Place: Cochin – 16
Date: 13th August 2016

K T Mohanan
Partner (M No.201484)

**“ANNEXURE A” REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR
INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE
FINANCIAL STATEMENTS OF CHERAMAN FINANCIAL SERVICES LIMITED FOR
THE YEAR ENDED 31ST MARCH 2016**

- (i) a) The company has maintained records showing full particulars, including quantitative details and situation of fixed assets;
 - b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed have been noticed.
 - c) The Company do not have any immovable properties having title deeds and hence this clause is not applicable to the Company during the period under report and hence not commented upon.
- (ii) The nature of the Company’s activities during the year has been such that clauses (ii) of the paragraph 3 of the companies (Auditor’s Report) Order, 2016 are not applicable to the company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, paragraphs (iii) (a), (b) and (c) of CARO 2016 are 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 deposits from the public during the year 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 per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, in respect of goods and services provided by the company.
- vii) (a) According to the information and explanations furnished to us and according to the examination of the records, the company is regular in depositing undisputed statutory dues including income-tax, wealth tax, service tax, duty of customs, value added tax, cess and any other statutory dues with the appropriate authorities during the year. There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became 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 exercise, value added tax outstanding on account of any dispute.
- viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, 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 paragraph 3 (viii) of the Order are not applicable to the Company and hence not commented upon
- ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, 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 paragraph 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud either by the Company or on the company by its officers/ employees, has been noticed or reported during the year.
- xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not paid/provided managerial remuneration and hence the provisions of paragraph 3 (x) of the Order are not applicable to the Company during the year under report and hence not commented upon
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us,

transactions with related parties are in compliance with sections 177 and 188 of the Companies Act 2013 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly the paragraph 3(xiv) of the order is not applicable to the Company and hence not commented upon.
- xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence not commented upon.
- xvi) In our opinion, the Company is required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and the registration has been obtained by the Company.

For Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Sd/-

Place: Cochin - 16
Date: 13th August 2016

K T Mohanan
Partner (M No.201484)

“ANNEXURE B” REFFERED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF CHERAMAN FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31ST MARCH 2016

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 Cheraman Financial Services Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone 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 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 Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Place: Cochin – 16
Date: 13th August 2016

Sd/-
K T Mohanan
Partner (M No.201484)

CHERAMAN FINANCIAL SERVICES LIMITED (Formerly known as Al-Barakah Financial Services Ltd) BALANCE SHEET AS AT 31st MARCH 2016			
Particulars	Note No	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
<u>EQUITY AND LIABILITIES:</u>			
(1) Shareholder's Funds			
(a) Share Capital	2	288,000,000	233,500,000
(b) Reserves and Surplus	3	(72,576,898)	(66,932,454)
(2) Non-Current Liabilities			
(a) Other Long Term Liabilities	4	9,661,556	889,443
(b) Long-Term Provisions	5	329,736	42,609
(3) Current Liabilities			
(a) Other Current Liabilities	6	2,320,179	519,987
(b) Short-Term Provisions	7	584,806	461,541
Total		228,319,379	168,481,126
<u>ASSETS:</u>			
(1) Non-Current Assets			
(a) Fixed Assets	8		
i) Tangible Assets		5,683,174	6,665,405
ii) Intangible Assets		14,725	71,207
(b) Non-Current Investments	9	59,800,200	55,800,230
(c) Long Term Loans and Advances	10	53,913,461	17,948,589
(2) Current Assets			
(a) Trade Receivables	11	713,807	398,943
(b) Cash and Bank Balances	12	38,251,901	57,754,693
(c) Short-Term Loans and Advances	13	69,480,600	29,665,593
(d) Other Current Assets	14	461,511	176,466
Total		228,319,379	168,481,126
Significant Accounting Policies 1 The accompanying notes form an integral part of the financial statements. As per our Report of even date For Krishnamoorthy & Krishnamoorthy For and on behalf of the Board of Directors Chartered Accountants (Firm Regn.No.001488S)			
Sd/- K T Mohanan Partner (M No.201484)	Sd/- APM Mohammed Hanish IAS Managing Director Din: 02504842	Sd/- Mohammed Fayaz Salam Director Din:05279309	
	Sd/- Meera C Company Secretary	Sd/- Remesh Shenoi S Chief Financial Officer	
Place: Kochi Date: 13th August 2016		Place: Kochi Date: 13th August 2016	

CHERAMAN FINANCIAL SERVICES LIMITED (Formerly known as Al-Barakah Financial Services Ltd) Statement of Profit And Loss for the Year Ended 31st March 2016			
Particulars	Note No	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
I INCOME			
a) Revenue from Operations	15	6,457,735	1,129,990
b) Other Income	16	23,250	5,418
Total Revenue (a+b)		6,480,985	1,135,408
II EXPENSES			
a) Employee Benefit Expenses	17	6,302,416	4,691,442
b) Depreciation and Amortization Expenses	8	1,065,811	1,331,705
c) Other Expenses	18	4,757,202	5,474,568
Total Expenses (a+b+c)		12,125,429	11,497,715
III. Profit/(Loss) before exceptional and extraordinary items and tax (I -II)		(5,644,444)	(10,362,307)
IV. Exceptional Items	19		(1,488,192)
V. Profit/(Loss) Before Tax (III-IV)		(5,644,444)	(8,874,115)
VI. Tax Expense:			
a) Current Tax		-	-
b) Deferred Tax		-	-
VII. Profit/(Loss) After Tax (V-VI)		(5,644,444)	(8,874,115)
VIII. Earning per Equity Share of Rs.10 each	20		
Basic & Diluted		(0.21)	(0.46)
Significant Accounting Policies 1 The accompanying notes form an integral part of the financial statements. As per our Report of even date For Krishnamoorthy & Krishnamoorthy For and on behalf of the Board of Directors Chartered Accountants (Firm Regn.No.001488S) Sd/- Sd/- Sd/- K T Mohanan APM Mohammed Hanish IAS Mohammed Fayaz Salam Partner Managing Director Director (M No.201484) Din: 02504842 Din: 05279309 Sd/- Sd/- Meera C Remesh Shenoi S Company Secretary Chief Financial Officer Place: Kochi Place: Kochi Date: 13th August 2016 Date: 13th August 2016			

CHERAMAN FINANCIAL SERVICES LIMITED (Formerly known as Al-Barakah Financial Services Ltd) Cash Flow Statement For The Year Ended 31st March 2016		
Particulars	2015-16	2014-15
	Amount (INR)	Amount (INR)
A. Cash Flow From Operating Activities		
Profit/(Loss) Before Tax & Exceptional Items	(5,644,444)	(10,362,307)
Adjustments for:		
Depreciation and Amortisation	1,065,811	1,331,705
Excess Depreciation written back	(7,915)	
Operating Profit before working capital changes	(4,586,548)	(9,030,602)
Movements in working capital :		
Increase/ (decrease) in other long term liabilities	8,772,113	889,443
Increase/ (decrease) in long term provisions	287,127	42,609
Increase/ (decrease) in other current liabilities	1,800,192	277,073
Increase/ (decrease) in short term provisions	123,265	155,707
Decrease / (increase) in long-term loans and advances	(35,964,872)	(16,994,372)
Decrease / (increase) in Trade Receivables	(314,864)	(398,943)
Decrease / (increase) in short-term loans and advances	(39,815,007)	(26,670,576)
Decrease / (increase) in other current assets	(285,045)	(174,167)
Net change in working capital	(65,397,090)	(42,873,226)
Cash generated from/(used in) operations	(69,983,638)	(51,903,829)
Direct Taxes Paid (net of Refund)	-	-
Cash generated from / (used in) from operating activities (A)	(69,983,638)	(51,903,829)
B. Cash Flow from Investing Activities		
Purchase of Fixed assets	(19,184)	(61,190)
Purchase of non current investments	(3,999,970)	(16,700,230)
Net cash flow from/(used in) investing activities (B)	(4,019,154)	(16,761,420)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share capital	54,500,000	74,000,000
Net cash flow from/(used in) financing activities (C)	54,500,000	74,000,000
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(19,502,792)	5,334,751
Cash & Cash Equivalents at the beginning of the year	57,754,693	52,419,942
Cash & Cash Equivalents at the end of the year (Note 12)	38,251,901	57,754,693
As per our Report of even date		
For Krishnamoorthy & Krishnamoorthy	For and on behalf of the Board of Directors	
Chartered Accountants		
(Firm Regn.No.001488S)		
Sd/-	Sd/-	Sd/-
K T Mohanan	APM Mohammed Hanish IAS	Mohammed Fayaz Salam
Partner	Managing Director	Director
(M No.201484)	Din: 02504842	Din: 05279309
	Sd/-	Sd/-
	Meera C	Remesh Shenoi S
	Company Secretary	Chief Financial Officer
Place: Kochi		Place: Kochi
Date: 13th August 2016		Date: 13th August 2016

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2015)

LIABILITIES SIDE

Amount in Rs.

Sl.No.	Particulars	Amount out-standing as on 31st March 2016	Amount overdue as on 31st March 2016
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not <u>paid</u>:		
	(a) Debentures - Secured	-	-
	- Unsecured	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	-	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Other Loans (specify nature)	-	-

ASSETS SIDE

Amount in Rs.

Sl.No.	Particulars	Amount out-standing as on 31st March 2016
2	Break-up of Loans and Advances including bills receivables [other than those included in (3) below] :	
	(a) Secured	-
	(b) Unsecured	41,300,000

Amount in Rs.

Sl.No.	Particulars	Amount out-standing as on 31st March 2016
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	74,336,581
	(b) Operating lease	-
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards AFC activities	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-

Amount in Rs.

Sl.No.	Particulars	Amount out-standing as on 31st March 2016
4	Break-up of Investments : <u>Current Investments :</u> <u>1 Quoted :</u> (i) Shares : (a) Equity - (b) Preference - (ii) Debentures and Bonds - (iii) Units of mutual funds - (iv) Government Securities - (v) Others (please specify) - <u>2 Unquoted :</u> (i) Shares : (a) Equity - (b) Preference - (ii) Debentures and Bonds - (iii) Units of mutual funds - (iv) Government Securities - (v) Others (please specify) - <u>Long Term investments :</u> <u>1. Quoted :</u> (i) Shares : (a) Equity - (b) Preference - (ii) Debentures and Bonds - (iii) Units of mutual funds - (iv) Government Securities - (v) Others (please specify) - <u>2. Unquoted :</u> (i) Shares : (a) Equity 59,800,200 (b) Preference - (ii) Debentures and Bonds - (iii) Units of mutual funds - (iv) Government Securities - (v) Others (please specify) -	

Amount in Rs.

5	Borrower group-wise classification of assets financed as in (2) and (3) above :	Amount net of provisions as on 31st March 2016		
	Category	Secured	Unsecured	Total
	1. Related Parties **			
	(a) Subsidiaries	958,578	41,300,000	42,258,578
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	73,378,002	-	73,378,002
	Total	74,336,581	41,300,000	115,636,581

Amount in Rs.

6	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Category	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties **		
	(a) Subsidiaries	11,609,516	59,800,200
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
	2. Other than related parties	-	-
	Total	11,609,516	59,800,200

Amount in Rs.

7	Other Information	Total As On 31st March 2016
	Particulars	
	(i) Gross Non-Performing Assets	-
	(a) Related parties	-
	(b) Other than related parties	-
	(ii) Net Non-Performing Assets	-
	(a) Related parties	-
	(b) Other than related parties	-
	(iii) Assets acquired in satisfaction of debt	-

For Krishnamoorthy & Krishnamoorthy**For and on behalf of the Board of Directors**Chartered Accountants
(Firm Regn.No.001488S)Sd/-
K T Mohanan
Partner
(M No.201484)Sd/-
APM Mohammed Hanish IAS
Managing Director
Din: 02504842Sd/-
Mohammed Fayaz Salam
Director
Din: 05279309Place: Kochi
Date: 13th August 2016Sd/-
Meera C
Company SecretarySd/-
Remesh Sheno S
Chief Financial Officer
Place: Kochi
Date: 13th August 2016

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

1 Significant Accounting Policies

1.1 Basis of Accounting

- a) The financial statements of the Company are prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), on accrual basis under historical cost convention as a going concern. The Company has prepared these financial statements to comply with the requirements of mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013(Act) read with rule 7 of the Companies (Accounts) Rules, 2014 along with applicable guidelines issued by Reserve Bank of India for NBFC-ND. The accounting policies adopted for the preparation of financial statements are consistent with those of the previous year except when a newly issued accounting standards is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use and when the statute mandate the change.
- b) As required by Schedule III of Companies Act, 2013, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets and their realization in cash or cash equivalents. Since in case of non-banking financial company normal operating cycle is not applicable, the operating cycle has been considered as 12 months.

1.2 Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period.

1.3 Revenue Recognition

Income from assets on finance included in revenue from operations as Annualised Cost to Customer represents income arrived at based on Internal Rate of Return method. Such income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

Upfront / processing fees collected from the customer for processing lease are primarily towards documentation charges. This is accounted as income when the amount becomes due provided recovery thereof is certain.

1.4 Tangible & Intangible Assets

Tangible & Intangible assets are stated at original cost of acquisition / installation net off accumulated depreciation, amortization and impairment losses. The cost of fixed assets includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition/installation.

1.5 Impairment of Tangible & Intangible Assets

At each Balance Sheet date, the company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the assets to their present value.

1.6 Depreciation of Tangible & Intangible Assets

Depreciable amount for Tangible & Intangible Assets is the cost of the asset, or other amount substituted for the cost, less its estimated residual value.

Depreciation on tangible assets has been provided on the Straight-Line Method (SLM) by adopting the useful life prescribed as per Part C of Schedule II to the Companies Act, 2013 and retaining 5% of the original cost as residual value, except for assets having value less than Rs.10,000/- which are depreciated at 100% in the year of purchase.

Cost of Software is treated as Intangible Assets and is amortised over a period of three years in accordance with Accounting Standard (AS) 26.

1.7 Investments

Investments intended to be held for not more than one year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-Current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

1.8 Finance Lease

As per para 26 of Accounting Standard (AS) -19 on Leases, the assets given under financial leases are recognised in the Balance Sheet as receivables at an amount equal to net investments in the leases. The finance charges earned are recognised periodically in the books of accounts and the principal component in the lease rentals is reduced from the receivables periodically. Even though, the lease transactions is deemed as sales under the KVAT Act and CST Act, the same is not disclosed as sales/purchase in the financial statements, following the principles as laid down in accounting Standard 19.

1.9 Provision for Standard/Non Performing Assets and Doubtful Debts

The Company provides an allowance for Lease/Hire Purchase receivables based on the prudential norms issued by the RBI relating to income recognition, asset classification and provisioning for non-performing assets. Provision is calculated after considering the value of repossessed stock.

1.10 Preliminary Expenses

Preliminary/Preincorporation expenses incurred are written off to Statement of Profit & Loss in the year in which it is incurred in accordance with Accounting Standard 26 issued by ICAI.

1.11 Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the employee has rendered service.

The Company provides Gratuity/Leave Encashment benefit to all employees which is a defined benefit plan. This liability is unfunded and the company pays these benefits as and when the employee leaves the organization. Provision for the year is made on the assumption that this benefit is to be paid to all employees at the end of the accounting year.

1.12 Taxes on Income

Current Tax is provided and determined as the amount of tax payable in respect of taxable income for the period. Deferred Tax is provided and recognized on timing differences between taxable income and accounting income subject to consideration of prudence. Deferred tax is not recognized as assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

1.13 Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

1.14 Cash Flow Statement

Cash Flows are reported using the Indirect Method, whereby net profit before tax is adjusted for the effect of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Notes to the Financial Statement For The Year Ended 31st March 2016

2 Share Capital

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Authorised Capital 1,000,000,000 Equity Shares of Rs. 10/- each	10,000,000,000	10,000,000,000
Issued and Subscribed and Fully Paid Up 2,88,00,000 (2,33,50,000) Equity Shares of Rs. 10/- each fully paid up	288,000,000	233,500,000
	288,000,000	233,500,000

2.1 Terms/ Rights Attached to Equity Shares:

The company has only one class of equity shares having par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2 Reconciliation of Outstanding Shares:

Particulars	31st March 2016		31st March 2015	
	No of Shares	Amount (INR)	No of Shares	Amount(INR)
Opening as on 1st April	23,350,000	233,500,000	15,950,000	159,500,000
Add: Issued during the year	5,450,000	54,500,000	7,400,000	74,000,000
Closing as on 31st March	28,800,000	288,000,000	23,350,000	233,500,000

2.3 Details of Shareholders Holding more than 5% Shares of the Company:

Name of the Shareholder	No. of shares as on 31st March 2016	% of holding	No. of shares as on 31st March 2015	% of holding
Mr.Siddeek Ahmed Haji P	5,000,000.00	17.36%	5,000,000	21.41%
M/s KSIDC	3,100,000.00	10.76%	3,100,000	13.28%
Mr.C.K.Menon	3,000,000.00	10.42%	3,000,000	12.85%
Mr.Yusuffali M A	3,000,000.00	10.42%	3,000,000	12.85%
Mr. Abdulla poyil	3,000,000.00	10.42%	-	0.00%
Dr.P Mohamad Ali	2,200,000.00	7.64%	2,200,000	9.42%
Mr. Ashraf Ali MA	2,000,000.00	6.94%	2,000,000	8.57%
Mr.P A Ibrahim Haji	2,000,000.00	6.94%	2,000,000	8.57%

3 Reserves & Surplus

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
a) Profit & Loss Account		
Opening Balance	(66,932,454)	(58,058,339)
Add : Profit/(Loss) for the year	(5,644,444)	(8,874,115)
TOTAL	(72,576,898)	(66,932,454)

4 Other Long Term Liabilities

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
a) Others		
Security Deposit - Leasing	9,661,556	889,443
TOTAL	9,661,556	889,443

5 Long Term Provisions

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
i) For Employee Benefit:		
Provision for Gratuity	197,885	-
ii) Contingent Provisions against Standard Assets	131,851	42,609
TOTAL	329,736	42,609

6 Other Current Liabilities

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
a) Advance Received for Services to be rendered in relation to leasing	1,912,247	115,642
b) Other Payables:		
i) Statutory Remittances	232,480	256,956
ii) Expenses Payable	175,452	147,389
TOTAL	2,320,179	519,987

7 Short Term Provisions

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
i) For Employee Benefit:		
Provision for Gratuity	40,385	-
Provision for Leave Encashment	490,431	445,647
ii) Contingent Provisions against Standard Assets	53,990	15,894
TOTAL	584,806	461,541

9 Non Current Investments

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Other Investments at Cost		
i) Investment in Equity Instruments (Unquoted)		
(a) 17,50,000 (Previous year - 17,50,000) equity shares of Rs.10/- each fully paid up in wholly owned subsidiary, Cheraman Funds Management Limited	17,50,000	17,50,000
(b) 21,60,000 (Previous year - 21,60,000) equity shares of Rs.10/- each fully paid up in wholly owned subsidiary, Cheraman Infrastructure Private Limited	21,60,000	21,60,000
(c) 71,380 (Previous year - 57,587) equity shares of Rs.10/- each bought at a premium of Rs.280/- each, fully paid up in subsidiary, Suits India Pvt. Ltd.	20,70,200	16,70,230
TOTAL	59,80,200	55,80,230
<p>ii) Considering the Business Plan of Cheraman Funds Management Ltd which is expected to bring in positive cash flows in the near future, the management is of the opinion that no diminution in value of investment in the subsidiary company is anticipated at this stage and hence no provision is made for diminution in value.</p>		

10 Long Term Loans & Advances

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
(a) Security Deposits		
Unsecured, Considered Good	858,645	858,645
TOTAL (a)	858,645	858,645
(b) Income Tax Advance		
	314,159	46,373
TOTAL (b)	314,159	46,373
(c) Others		
Secured, Considered Good		
i) Assets on Finance		
- To Related Party	-	958,578
- To Others	52,740,657	16,084,994
TOTAL (c)	52,740,657	17,043,572
TOTAL (a +b+c)	53,913,461	17,948,589

11 Trade Receivables

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
(a) Outstanding for a period exceeding six months from the date they are due for payment	-	-
(b) Others		
Secured, Considered good	713,807	398,943
TOTAL	713,807	398,943

12 Cash & Bank Balances

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Cash & Cash Equivalents		
i) Balance with Banks		
- In Current Account	38,242,567	57,738,421
ii) Cash on Hand	9,334	16,272
TOTAL	38,251,901	57,754,693

13 Short Term Loans & Advances

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
(a) Loans and Advances to Related parties		
Unsecured, Considered Good		
Wholly owned Subsidiaries:		
i) Cheraman Funds Management Ltd	4,900,000	4,500,000
ii) Cheraman Infrastructure Pvt Ltd	36,400,000	17,400,000
(b) Others		
Secured, Considered Good		
i) Assets on Finance		
- To Related Party	958,578	661,254
- To Others	20,637,345	5,696,183
Unsecured, Considered Good		
i) Advances recoverable in kind or for value to be received.	5,193,767	20,210
ii) Cheraman Trust -Fund (Refer Note No.23)	1,387,910	1,387,910
iii) Other advances	3,000	36
TOTAL	69,480,600	29,665,593

14 Other Current Assets

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
(a) Accruals		
(i) Interest Accrued on Fixed Deposits	10,737	4,618
(ii) Accrued Annualised Cost to Customer	450,774	171,848
TOTAL	461,511	176,466

15 Revenue From Operations

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Annualised Cost to Customer	6,261,873	1,104,990
Processing Fee	195,862	25,000
TOTAL	6,457,735	1,129,990

16 Other Income

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Interest Received on IT Refund	1,621	-
Interest on Fixed Deposit	5,037	4,618
Miscellaneous Income	8,500	800
Excess Depreciation written back	7,915	-
Round Off	177	-
TOTAL	23,250	5,418

17 Employee Benefit Expenses

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Salaries, Wages and Bonus	5,674,207	4,403,688
Contribution to Provident and other Funds	298,641	229,485
Staff Welfare Expenses	91,298	58,269
Gratuity	238,270	
TOTAL	6,302,416	4,691,442

18 Other Expenses

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Legal and Professional Fees	1,869,091	2,817,884
Travelling Expenses	319,628	647,031
Rent	1,039,102	537,207
Office General Expenses	203,260	469,325
Electricity & Water Charges	414,621	327,555
Repairs and Maintenance		
(a) Building	556	5,445
(b) Others	143,432	47,678
Rates, Taxes and Filing Fees	91,762	23,434
Printing and Stationery	34,242	36,018
Recruitment Expense	54,102	1,700
Insurance Charges	123,216	-
Fines & Penalties	962	-
Meeting Expense	164,083	343,745
Telephone Charges	121,807	109,704
Provision Against Standard Assets	127,338	57,842
Payment to Auditor		
a) Statutory Audit Fee	50,000	50,000
TOTAL	4,757,202	5,474,568

19 Exceptional Items

Exceptional Items Previous Year represents change in depreciation policy pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1 2014 based on which the company revised the estimated useful life of the its assets to align the useful life with those specified in Schedule II. The company also changed the method of depreciation from Written Down Value Method (WDV) to Straight Line Method (SLM). 'Consequent to this change, all assets are now being depreciated under SLM and an amount of Rs.14,88,192/-being the excess depreciation charged in prior years has been credited to the Statement of Profit & Loss.

20 Earnings Per Share

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Profit/(Loss) Attributable to Equity Share Holders	(5,644,444)	(8,874,115)
Weighted Average Number of Equity Share Outstanding (Nos)	26,286,164	19,320,411
Earnings Per Share	(0.21)	(0.46)

21 Disclosure of transactions with related parties as required by Accounting Standard - 18 on Related Party Disclosures as prescribed by Companies (Accounting Standard) Rules, 2006

21.1 Details of Related Parties

Description of Relationship	Names of Related Parties
Fully Owned Subsidiaries	Cheraman Infrastructure Private Ltd Cheraman Funds Management Ltd
Subsidiaries	Suits India Pvt Ltd
Key Management Personnel	Mr. APM Mohamed Hanish IAS - Managing Director
Persons having significant influence over the company	Mr.Siddeek Ahmed Haji P - Director Mr.Yusuffali M.A Mr.Ashrafali M.A - Director Mr.V.P.Shamsheer
Enterprises under control of persons having significant influence over the company and with whom transactions were carried out during the year	Eram Property Network Private Ltd

21.2 Details of related party transactions during the year ended 31st March, 2016

Name of Related Party	Nature of Transaction	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Mr.Siddeek Ahmed Haji P - Director	Subscription to Equity Share Capital	-	10,000,000
Mr.Yusuffali M.A	Subscription to Equity Share Capital	-	10,000,000
Mr.Ashrafali M.A - Director	Subscription to Equity Share Capital	-	9,000,000
Mr.V.P.Shamsheer	Subscription to Equity Share Capital	-	10,000,000
Eram Property Network Private Ltd	Subscription to Equity Share Capital	10,000,000	
Cheraman Infrastructure Private Ltd	Unsecured Loan Given	19,000,000	17,400,000
	Recovery of Expenses	10,460	12,455
	Outstanding Loan Balance at the end of the year	36,400,000	17,400,000
Cheraman Funds Management Ltd	Unsecured Loan Given	400,000	4,500,000
	Recovery of Expenses	88,775	30,292
	Outstanding Loan Balance at the end of the year	4,900,000	4,500,000
Suits India Private Ltd	Investment in to Equity Share Capital	3,999,970	16,700,230
	Equipment Lease facility given during the year	-	1,503,508
	Income from Equipment Leasing recognized during the year	228,196	119,653
	Outstanding balance of lease facility	958,578	1,619,832

22 Pursuant to the Accounting Standard (AS-19) – Leases, the following information is given:

- 22.1** The Company has given certain assets on lease which effectively transferred substantially all of the risks and benefit incidental to the ownership.
- 22.2** The total gross investment in these leases and the present value of minimum lease payment receivable as on 31st March, 2016 is as under:

	As At 31.03.2016		
	Gross investment in Lease	Unearned Finance Income	Present Value of Receivables
i) Not later than one year	29,734,648	8,138,725	21,595,924
ii) Later than one year and not later than five years	60,268,682	7,528,025	52,740,657
iii) Later than five years	-	-	-
Total	90,003,330	15,666,749	74,336,581
	As At 31.03.2015		
	Gross investment in Lease	Unearned Finance Income	Present Value of Receivables
i) Not later than one year	9,174,449	2,817,011	6,357,437
ii) Later than one year and not later than five years	18,205,999	1,162,426	17,043,573
iii) Later than five years	-	-	-
Total	27,380,448	3,979,438	23,401,010

- 23** Loans & Advances to Cheraman Fund represents various expenses incurred in setting up the Alternate Investment Fund and to be recovered from the contributors of the scheme.
- 24** The Management had made an effort to identify components having significant cost to the total cost of the asset and is having different useful life than that of the whole of the asset. Based on a technical evaluation, no components having these characteristics had been identified, which is having a material impact on the measurement of depreciation.
- 25** The Company is having only few employees and the provision for long term employee benefits such as Gratuity and Earned leave are made based on the assumption that such benefits are payable to all employees at the end of the year. The Management is of the opinion that since there are only few employees, there will not be any material impact for the provision made without assessing the liability on actuarial basis.

26 Earnings and Expenditure in Foreign Currency

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
(a) Earnings in Foreign Currency	-	-
(b) Expenditure in Foreign Currency		
Purchase of Equipment for Leasing	31,679,041	14,999,039
Travel Expenses	124,127	445,286
Total Expenditure in Foreign Currency	31,803,168	15,444,325

27 CIF Value of Imports

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Equipments for Leasing	31,679,041	14,999,039

28 Contingent Liabilities, Commitments (to the extent not provided for)

Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	Amount (INR)	Amount (INR)
a) Contingent Liabilities:		
i) Claims against the company not acknowledged as debt		
- Bond given to Commercial Taxes Department, Kerala on imported equipment meant for Hire purchase.	2,303,800	-
- Bond given to Customs for warehousing of imported equipment meant for leasing	5,000,000	5,000,000
ii) Others	Nil	Nil
b) Commitments -	Nil	Nil

- 29** Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (MSMED)” Act, 2006”. Accordingly, no disclosures relating to amounts unpaid as at the year ended 31st March, 2016 together with interest paid /payable are required to be furnished
- 30** **Litigation:** The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the company's results of operations.
- 31** The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 32** Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

Signatures to Note 1 to 32 forming integral part of accounts.

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm Regn.No.001488S)

For and on behalf of the Board of Directors

Sd/-
K T Mohanan
Partner
(M No.201484)

Sd/-
APM Mohammed Hanish IAS
Managing Director
Din: 02504842

Sd/-
Mohammed Fayaz Salam
Director
Din: 05279309

Sd/-
Meera C
Company Secretary

Sd/-
Remesh Shenoi S
Chief Financial Officer

Place: Kochi
Date: 13th August 2016

Place: Kochi
Date: 13th August 2016

8 Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2015	Addition	Deduction	As at 31.03.2016	As at 01.04.2015	Depreciation Reversal*	For the Year	Deduction	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible Assets											
Building	542,462		-	542,462	32,372	-	17,667	-	50,039	492,423	510,090
Furniture & Fixture	4,631,390		-	4,631,390	959,245	(7,915)	463,900		1,415,230	3,216,160	3,672,145
Computers	663,555	6,485	-	670,040	486,336	-	124,150	-	610,486	59,554	177,219
Office Equipment	289,221	12,699	-	301,920	121,446	-	71,100	-	192,546	109,374	167,775
Electrical Equipments	1,796,619		-	1,796,619	296,911	-	183,322	-	480,233	1,316,386	1,499,708
Vehicle	871,549		-	871,549	233,081	-	149,191	-	382,272	489,277	638,468
Total Tangible Assets (A)	8,794,796	19,184		8,813,980	2,129,391	(7,915)	1,009,330		3,130,806	5,683,174	6,665,405
B. Intangible Assets											
Computer Software	311,670	-	-	311,670	240,463	-	56,481	-	296,945	14,725	71,207
Total Intangible Assets (B)	311,670	-	-	311,670	240,463	-	56,481	-	296,945	14,725	71,207
Total (A+B)	9,106,466	19,184	-	9,125,650	2,369,855	(7,915)	1,065,811	-	3,427,751	5,697,899	6,736,611
Previous Year	9,045,276	61,190	-	9,106,466	2,526,342	(1,488,192)	1,331,705	-	2,369,854	6,736,611	6,518,934

* Depreciation Reversal previous year (Rs.14,88,192) represents the write back of excess depreciation charged in earlier years consequent to the change in the method of charging depreciation from Written Down Value Method to Straight Line Method

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHERAMAN INFRASTRUCTURE PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Cheraman Infrastructure Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2016.
- ii) in the case of the Statement of profit and Loss, of the loss of the Company for the year ended on that date;
- iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), 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 the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- 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”; and
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) Referring to Note No.19 of the financial statements, the Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii) As mentioned in Note No.20 to the financial statements, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Place: Cochin – 16
Date: 13th August 2016

Sd/-
K T Mohanan
Partner (M No.201484)

**“ANNEXURE A” REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR
INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL
STATEMENTS OF CHERAMAN INFRASTRUCTURE PRIVATE LIMITED FOR THE
YEAR ENDED 31ST MARCH 2016**

- (i) a) The company has maintained records showing full particulars, including quantitative details and situation of fixed assets;
 - b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed have been noticed;
 - c) The Company do not have any immovable properties having title deeds and hence this clause is not applicable to the Company during the period under report and hence not commented upon.
- (ii) The nature of the Company’s activities during the year has been such that clauses (ii) of the paragraph 3 of the companies (Auditor’s Report) Order, 2016 are not applicable to the company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, paragraphs (iii) (a), (b) and (c) of CARO 2016 are not applicable.
- (iv) The Company has not granted loans, made investments, given guarantees or security attracting the provisions of section 185 and section 186 of the Companies Act, 2013 during the period under report.
- iv) The Company has not accepted deposits from the public during the year 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.
- v) As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, in respect of goods and services provided by the company.

- vi) (a) According to the information and explanations furnished to us and according to the examination of the records, the company is regular in depositing undisputed statutory dues including income-tax, wealth tax, service tax, duty of customs, value added tax, cess and any other statutory dues with the appropriate authorities during the year. There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became 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 exercise, value added tax outstanding on account of any dispute.
- vii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not taken any loan either from banks, or any financial institution or from the Government and has not issued any debentures during the year under report and hence the provisions of paragraph 3 (vii) of the Order are not applicable to the Company and hence not commented upon
- viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, 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 paragraph 3 (viii) of the Order are not applicable to the Company and hence not commented upon.
- ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud either by the Company or on the company by its officers/ employees, has been noticed or reported during the year.
- x) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not paid/provided managerial remuneration and hence the provisions of paragraph 3 (x) of the Order are not applicable to the Company during the year under report and hence not commented upon
- xi) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us,

transactions with related parties are in compliance with sections 177 and 188 of the Companies Act 2013 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiii) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly the paragraph 3(xiv) of the order is not applicable to the Company and hence not commented upon.
- xiv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence not commented upon.
- xv) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934and accordingly the provisions of paragraph 3(xvi) of the Order is not applicable to the Company and hence not commented upon.

For Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Place: Cochin – 16
Date: 13th August 2016

Sd/-
K T Mohanan
Partner (M No.201484)

**“ANNEXURE B” REFFERED TO IN PARAGRAPH 2 (f) UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR
INDEPENDENT AUDIT REPORT OF EVEN DATE ON THEFINANCIAL STATEMENTS
OF CHERAMAN INFRASTRUCTURE PRIVATE LIMITED FOR THE YEAR ENDED
31ST MARCH 2016**

**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 Cheraman Infrastructure Private Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the 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 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 Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Place: Cochin – 16
Date: 13th August 2016

Sd/-
K T Mohanan
Partner (M No.201484)

CHERAMAN INFRASTRUCTURE PVT LTD
(Formerly known as ABFS Infrastructure Private Ltd)
BALANCE SHEET AS AT 31st MARCH, 2016

Particulars	Note No.	AS AT 31st March, 2016 Amount (INR)	AS AT 31st March, 2015 Amount (INR)
I. <u>EQUITY AND LIABILITIES</u>			
1 Shareholders' Funds			
a. Share Capital	2	21,600,000	21,600,000
b. Reserves and Surplus	3	(7,267,449)	(6,130,841)
2 Non-Current Liabilities			
a. Other Long Term Liabilities	4	766,150	36,645
3 Current Liabilities			
a. Short term Borrowings	5	36,400,000	17,400,000
b. Other Current Liabilities	6	1,115,131	2,542,056
c. Short Term Provisions	7	64,372	78,755
Total		52,678,204	35,526,615
II. <u>ASSETS</u>			
1 Non-current Assets			
a. Fixed Assets	8		
i. Tangible Assets		19,211	30,507
ii. Intangible Assets		3,306	22,801
iii. Intangible Assets Under Development		47,248,402	31,915,397
b. Long Term Loans and Advances	9	102,829	1,452,631
2 Current Assets			
a. Cash and Bank Balances	10	5,285,586	1,331,199
b. Short Term Loans and Advances	11	18,870	774,080
Total		52,678,204	35,526,615

Accounting Policies

1

The accompanying accounting policies and notes form an integral part of the financial statements.

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy

For and on behalf of the Board of Directors

Chartered Accountants

(Firm Regn.No.001488S)

Sd/-
K T Mohanan

Partner
(M No.201484)

Place: Kochi
Date: 13th August 2016

Sd/-
PK Ahammed

Director
Din: 01678711

Place: Kochi
Date: 13th August 2016

Sd/-
Mohamed Fayaz Salam

Director
Din:05279309

CHERAMAN INFRASTRUCTURE PVT LTD
(Formerly known as ABFS Infrastructure Private Ltd)
Statement of Profit & Loss For The Year Ended 31st March, 2016

Particulars	Note No.	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
I. Income			
a. Revenue from Operations		-	-
b. Other Income	12	-	5,750
Total Revenue (a+b)		-	5,750
II. Expenses:			
a. Employee Benefits Expense	13	397,166	529,505
b. Depreciation and Amortisation Expense	8	30,791	40,392
c. Other Expenses	14	708,651	1,156,845
Total Expenses (a+b+c)		1,136,608	1,726,742
III. Profit/(Loss) before exceptional items and Tax (I -II)		(1,136,608)	(1,720,992)
IV. Exceptional Items	15	-	(2,904)
V. Profit/(Loss) Before Tax (III-IV)		(1,136,608)	(1,718,088)
VI. Tax Expense:			
a) Current Tax		-	-
b) Deferred Tax		-	-
VII. Profit/(Loss) After Tax (V-VI)		(1,136,608)	(1,718,088)
VIII. Earning per Equity Share of Rs.10 each Basic & Diluted	16	(0.53)	(0.80)

Accounting Policies

1

The accompanying accounting policies and notes form an integral part of the financial statements.

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy

For and on behalf of the Board of Directors

Chartered Accountants

(Firm Regn.No.001488S)

Sd/-

K T Mohanan

Partner

(M No.201484)

Sd/-

PK Ahammed

Director

Din: 01678711

Sd/-

Mohamed Fayaz Salam

Director

Din:05279309

Place: Kochi

Date: 13th August 2016

Place: Kochi

Date: 13th August 2016

CHERAMAN INFRASTRUCTURE PVT LTD
(Formerly known as ABFS Infrastructure Private Ltd)
Cash Flow Statement For The Year Ended 31st March 2016

Particulars	2015-16	2014-15
	Amount (INR)	Amount (INR)
A. Cash Flow From Operating Activities		
Profit/(Loss) Before Tax & Exceptional Items	(1,136,608)	(1,720,992)
Adjustments for:		
Depreciation and Amortisation	30,791	40,392
Operating Profit before working capital changes	(1,105,817)	(1,680,600)
Movements in working capital :		
Increase/ (decrease) in other long term liabilities	729,505	(1,699,266)
Increase/ (decrease) in other current liabilities	(1,426,925)	2,522,809
Increase/ (decrease) in short term provisions	(14,383)	30,711
Decrease / (increase) in long-term loans and advances	1,349,802	(1,451,631)
Decrease / (increase) in other non current assets	-	337,928
Decrease / (increase) in short-term loans and advances	755,210	(310,187)
Net change in working capital	1,393,209	(569,636)
Cash generated from/(used in) operations	287,392	(2,250,236)
Direct Taxes Paid (net of Refund)	-	-
Cash generated from /(used in) from operating activities (A)	287,392	(2,250,236)
B. Cash Flow from Investing Activities		
Purchase of Fixed assets	(15,333,005)	(20,815,129)
Net cash flow from/(used in) investing activities (B)	(15,333,005)	(20,815,129)
C. Cash Flow from Financing Activities		
Proceeds from Short term borrowing	19,000,000	17,400,000
Net cash flow from/(used in) financing activities (C)	19,000,000	17,400,000
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	3,954,387	(5,665,365)
Cash & Cash Equivalents at the beginning of the year	1,331,199	6,996,564
Cash & Cash Equivalents at the end of the year (Note 10)	5,285,586	1,331,199

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy Chartered Accountants (Firm Regn.No.001488S)	For and on behalf of the Board of Directors
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For and on behalf of the Board of Directors

Sd/- K T Mohanan Partner (M No.201484)	Sd/- PK Ahammed Director Din: 01678711	Sd/- Mohamed Fayaz Salam Director Din:05279309
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Sd/- PK Ahammed Director Din: 01678711	Sd/- Mohamed Fayaz Salam Director Din:05279309
--	--

Sd/-
Mohamed Fayaz Salam
Director
Din:05279309

Place: Kochi
Date: 13th August 2016

Place: Kochi
Date: 13th August 2016

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

1 Significant Accounting Policies

1.1 Basis of Accounting

The financial statements of the Company are prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), on accrual basis under historical cost convention as a going concern. The Company has prepared these financial statements to comply with the requirements of mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013 (Act) read with rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies adopted for the preparation of financial statements are consistent with those of the previous year except when a newly issued accounting standards is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use and when the statute mandate the change.

1.2 Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period.

1.3 Tangible & Intangible Assets

Tangible & Intangible assets are stated at original cost of acquisition / installation net off accumulated depreciation, amortization and impairment losses. The cost of fixed assets includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition/installation.

1.4 Expenditure in Respect of Build Operate & Transfer Projects

Expenditure incurred in respect of Build, Operate & Transfer projects which does not represent company's own assets are classified as "BOT Project Expenditure" and shown under the head Intangible Assets.

1.5 Impairment of Tangible & Intangible Assets

At each Balance Sheet date, the company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

1.6 Depreciation of Tangible & Intangible Assets

Depreciable amount for Tangible & Intangible Assets is the cost of the asset, or other amount substituted for the cost, less its estimated residual value.

Depreciation on tangible assets has been provided on the Straight-Line Method (SLM) by adopting the useful life prescribed as per Part C of Schedule II to the Companies Act, 2013 and retaining 5% of the original cost as residual value, except for assets having value less than Rs.10,000/- which are depreciated at 100% in the year of purchase.

Cost of Software is treated as Intangible Assets and is amortised over a period of three years in accordance with Accounting Standard (AS) 26. Intangible Asset consisting of BOT Project Expenditure is amortized over the period of concession on straight line basis.

1.7 Investments

Investments intended to be held for not more than one year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-Current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

1.8 Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the employee has rendered service.

The Company provides Gratuity/Leave Encashment benefit to all employees which is a defined benefit plan. This liability is unfunded and the company pays these benefits as and when the employee leaves the organization. Provision for the year is made on the assumption that this benefit is to be paid to all employees at the end of the accounting year.

1.9 Taxes on Income

Current Tax is provided and determined as the amount of tax payable in respect of taxable income for the period. Deferred Tax is provided and recognized on timing differences between taxable income and accounting income subject to consideration of prudence. Deferred tax is not recognized as assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

1.10 Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

1.11 Cash Flow Statement

Cash Flows are reported using the Indirect Method, whereby net profit before tax is adjusted for the effect of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Notes to the Financial Statement For The Year Ended 31st March 2016

2 Share Capital

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Authorised Capital 3,000,000 Equity Shares of Rs. 10/- each	30,000,000	30,000,000
Issued and Subscribed and Paid up: 2,160,000 Equity Shares of Rs. 10/- each	21,600,000	21,600,000
TOTAL	21,600,000	21,600,000

2.1 Terms/ Rights Attached to Equity Shares:

The company has only one class of equity shares having par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2 Reconciliation of Outstanding Shares

Particulars	As at 31st March 2016		As At 31st March 2015	
	No of shares	Amount (INR)	No of shares	Amount (INR)
Opening as on 1st April	2,160,000	21,600,000	2,160,000	21,600,000
Add: Issued during the year	-	-	-	-
Closing as on 31st March	2,160,000	21,600,000	2,160,000	21,600,000

2.3 Details of Shareholders Holding more than 5% Shares of the Company

Name of the Shareholder	No. of shares as on 31st March 2016	% of holding	No. of shares as on 31st March 2015	% of holding
Cheraman Financial Services Ltd	2,160,000	100%	2,160,000	100%

3 Reserves & Surplus

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Profit & Loss Account		
Opening Balance	(6,130,841)	(4,412,753)
Add : Profit/(Loss) for the year	(1,136,608)	(1,718,088)
TOTAL	(7,267,449)	(6,130,841)

4 Other Long Term Liabilities

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Other Long Term Liabilities	766,150	36,645
TOTAL	766,150	36,645

5 Short term Borrowings

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Unsecured Loan		
- From Related Party	36,400,000	17,400,000
The loan represents interest free unsecured loan taken from Holding company in the ordinary course of business and are repayable on demand.		
TOTAL	36,400,000	17,400,000

6 Other Current Liabilities

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Other Payables:		
i) Statutory Remittances	5,919	10,709
ii) Payable on Other Expenses	42,628	86,545
iii) Retention Money	1,031,584	504,631
iv) Retention For Performance	-	1,770,171
v) Earnest Money Deposit	35,000	170,000
TOTAL	1,115,131	2,542,056

7 Short Term Provisions

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
a) Provision for Leave Encashment	64,372	78,755
	64,372	78,755

8 Fixed Assets

Refer Separate Sheet Attached

9 Long Term Loans and Advances

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Unsecured, Considered Good		
i) Capital Advances	102,329	1,452,131
ii) Security and Other Deposits	500	500
TOTAL	102,829	1,452,631

10 Cash and Bank Balances

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Cash & Cash Equivalents		
i) Balance with Banks		
- In Current Account	5,270,498	1,321,721
ii) Cash on Hand	15,088	9,478
TOTAL	5,285,586	1,331,199

11 Short Term Loans and Advances

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Unsecured, Considered Good		
i) Indirect Tax Recoverable	-	774,080
ii) Other amounts recoverable in cash or kind or for value to be received	18,870	-
TOTAL	18,870	774,080

12 Other Income

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Tender Document Fee	-	5,750
TOTAL	-	5,750

13 Employee Benefit Expense

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Salaries, Wages and Bonus	298,075	442,373
Contribution to Provident and Other Funds	63,681	65,077
Staff Welfare Expenses	35,410	22,055
TOTAL	397,166	529,505

14 Other Expenses

Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	Amount (INR)	Amount (INR)
Rent	395,764	534,879
Rates & Taxes	56,223	14,900
Postage & Telephone Expenses	12,717	16,292
Printing & Stationery	-	3,680
Travelling & Conveyance	81	3,154
Payment to Auditor		
a) As Auditor	25,000	20,000
Professional Charges	40,760	98,450
Project Advance Written Off	-	337,928
Security Charges	118,283	108,000
Office General Expenses	59,823	19,562
TOTAL	708,651	1,156,845

15 Exceptional Items

Exceptional Items Previous Year represents change in depreciation policy pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1st, 2014 based on which the company revised the estimated useful life of the its assets to align the useful life with those specified in Schedule II. The company also changed the method of depreciation from Written Down Value Method (WDV) to Straight Line Method (SLM). 'Consequent to this change, all assets are now being depreciated under SLM and an amount of Rs.2,904/-being the excess depreciation charged in prior years has been credited to the Statement of Profit & Loss.

16 Earnings Per Share

Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	Amount (INR)	Amount (INR)
Profit/(Loss) Attributable to Equity Share Holders	(1,136,608)	(1,718,088)
Weighted Average Number of Equity Share Outstanding (Nos)	2,160,000	2,160,000
Earnings Per Share	(0.53)	(0.80)

17 Disclosure of transactions with related parties as required by Accounting Standard - 18 on Related Party Disclosures as prescribed by Companies (Accounting Standard) Rules, 2006**17.1 Details of Related Parties**

Description of Relationship	Names of Related Parties
Holding Company	Cheraman Financial Services Ltd.
Fellow Subsidiary	Cheraman Funds Management Ltd. Suits India Private Ltd.
Persons having significant influence over the company	-
Enterprises under control of persons having significant influence over the company and with whom transactions were carried out during the year	-

17.2 Details of Related Party Transactions during the year ended 31st March, 2016

Name of Related Party	Nature of Transaction	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
		Amount (INR)	Amount (INR)
Cheraman Financial Services Ltd	Unsecured Loan Taken	19,000,000	17,400,000
	Outstanding Loan Balance at the end of the year	36,400,000	17,400,000
	Expense Reimbursement Paid	10,460	12,455

18 The Management had made an effort to identify components having significant cost to the total cost of the asset and is having different useful life than that of the whole of the asset. Based on a technical evaluation no components having these characteristics had been identified, which is having a material impact on the measurement of depreciation.

19 The Company is having only few employees and the provision for long term employee benefits such as Gratuity and Earned leave are made based on the assumption that such benefits are payable to all employees at the end of the year. The Management is of the opinion that since there are only few employees, there will not be any material impact for the provision made without assessing the liability on actuarial basis.

20 Contingent Liabilities, Commitments (to the extent not provided for)

(a) Contingent Liabilities

i) Claims against the company not acknowledged as debt : Nil

ii) Others : Nil

(b) Commitments

Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs.17.06 Lakhs (as at 31st March 2015- 124 Lakhs)

21 Litigations: The Company is not subject to any legal proceedings and claims, which have arisen in the ordinary course of business.

22 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

23 Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

Signatures to Note 1 to 23 forming integral part of accounts.

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy

For and on behalf of the Board of Directors

Chartered Accountants

(Firm Regn.No.0014885)

Sd/-

K T Mohanan

Partner

(M No.201484)

Place: Kochi

Date: 13th August 2016

Sd/-

PK Ahammed

Director

Din: 01678711

Place: Kochi

Date: 13th August 2016

Sd/-

Mohamed Fayaz Salam

Director

Din:05279309

8 Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.04.2015	Addition	Deduction -	As at 31.03.2016	As at 01.04.2015	Dep Reversal*	For the Year	Deductions	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible Assets											
Computer	4,100	-	-	4,100	4,099	-	-	-	4,099	1	1
Furniture & Fittings	27,240	-	-	27,240	27,234	-	-	-	27,234	6	6
Office Equipments	45,000	-	-	45,000	14,500	-	11,296	-	25,796	19,204	30,500
Total Tangible Assets (A)	76,340	-	-	76,340	45,833	-	11,296	-	57,129	19,211	30,507
B. Intangible Assets											
Computer Software	66,125	-	-	66,125	43,324	-	19,495	-	62,819	3,306	22,801
Total Intangible Assets (B)	66,125	-	-	66,125	43,324	-	19,495	-	62,819	3,306	22,801
C. Intangible Assets Under Development											
BOT Project in progress (Note 1.4)	31,915,397	15,333,005	-	47,248,402	-	-	-	-	-	47,248,402	31,915,397
Total Intangible Assets Under Development C	31,915,397	15,333,005	-	47,248,402	-	-	-	-	-	47,248,402	31,915,397
Total (A+B+C)	32,057,862	15,333,005	-	47,390,867	89,156	-	30,791	-	119,948	47,270,919	31,968,705
Previous Year	11,242,733	20,815,129	-	32,057,862	51,669	(2,904)	40,392	-	89,157	31,968,705	11,191,064

* Depreciation Reversal Previous Year (Rs.2904) represents the write back of excess depreciation charged in earlier years consequent to the change in the method of charging depreciation from Written Down Value Method to Straight Line Method

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHERAMAN FUNDS MANAGEMENT LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of **Cheraman Funds Management Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2016.
- ii) in the case of the Statement of profit and Loss, of the loss of the Company for the year ended on that date;
- iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), 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 the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- 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”; and
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) Referring to Note No.17 of the financial statements, the Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii) As mentioned in Note No.18 to the financial statements, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Place: Cochin – 16

Date: 13th August 2016

Sd/-
K T Mohanan
Partner (M No.201484)

**“ANNEXURE A” REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR
INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL
STATEMENTS OF CHERAMAN CHERAMAN FUNDS MANAGEMENT LIMITED
FOR THE YEAR ENDED 31ST MARCH 2016**

- (i) a) The company has maintained records showing full particulars, including quantitative details and situation of fixed assets;
 - b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed have been noticed.
 - c) The Company do not have any immovable properties having title deeds and hence this clause is not applicable to the Company during the period under report and hence not commented upon.
- (ii) The nature of the Company's activities during the year has been such that clauses (ii) of the paragraph 3 of the companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, paragraphs (iii) (a), (b) and (c) of CARO 2016 are not applicable.
- (iv) The Company has not granted loans, made investments, given guarantees or security attracting the provisions of section 185 and section 186 of the Companies Act, 2013 during the period under report.
- iv) The Company has not accepted deposits from the public during the year 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.
- v) As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, in respect of goods and services provided by the company.

- vi) (a) According to the information and explanations furnished to us and according to the examination of the records, the company is regular in depositing undisputed statutory dues including income-tax, wealth tax, service tax, duty of customs, value added tax, cess and any other statutory dues with the appropriate authorities during the year. There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became 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 exercise, value added tax outstanding on account of any dispute.
- vii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not taken any loan either from banks, or any financial institution or from the Government and has not issued any debentures during the year under report and hence the provisions of paragraph 3(vii) of the Order are not applicable to the Company and hence not commented upon.
- viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, 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 paragraph 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud either by the Company or on the company by its officers/ employees, has been noticed or reported during the year.
- x) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not paid/provided managerial remuneration and hence the provisions of paragraph 3 (x) of the Order are not applicable to the Company during the year under report and hence not commented upon.
- xi) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act 2013 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiii) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly the paragraph 3(xiv) of the order is not applicable to the Company and hence not commented upon.
- xiv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence not commented upon.
- xv) 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 paragraph 3(xvi) of the Order is not applicable to the Company and hence not commented upon.

For Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Place: Cochin – 16
Date: 13th August 2016

Sd/-
K T Mohanan
Partner (M No.201484)

**“ANNEXURE B” REFFERED TO IN PARAGRAPH 2 (f) UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR
INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS
OF CHERAMAN CHERAMAN FUNDS MANAGEMENT LIMITED FOR THE YEAR
ENDED 31ST MARCH 2016**

**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 Cheraman Funds Management Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the 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 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 Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Place: Cochin – 16
Date: 13th August 2016

Sd/-
K T Mohanan
Partner (M No.201484)

CHERAMAN FUNDS MANAGEMENT LIMITED

BALANCE SHEET AS AT 31st MARCH, 2016

Particulars	Note No.	AS AT 31st March 2016 Amount (INR)	AS AT 31st March 2015 Amount (INR)
I. <u>EQUITY AND LIABILITIES</u>			
1 Shareholder's Funds			
a. Share Capital	2	17,500,000	17,500,000
b. Reserves and Surplus	3	(20,593,488)	(20,073,587)
2 Current Liabilities			
a. Short term Borrowings	4	4,900,000	4,500,000
b. Other Current Liabilities	5	141,342	350,694
Total		1,947,854	2,277,107
II. <u>ASSETS</u>			
1 Non-Current Assets			
a. Fixed Assets	6		
i. Tangible Assets		656,347	800,154
ii. Intangible Assets		2	2
b. Long Term Loans and Advances	7	500	500
2 Current Assets			
a. Cash and Bank Balances	8	207,661	392,867
b. Short-Term Loans and Advances	9	1,083,344	1,083,584
Total		1,947,854	2,277,107

Significant Accounting Policies

1

The accompanying notes form an integral part of the financial statements.

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy

For and on behalf of the Board of Directors

Chartered Accountants

(Firm Regn.No.001488S)

Sd/-

K T Mohanan

Partner

(M No.201484)

Sd/-

Remesh Shenoi S

Director

Din:07077337

Sd/-

Mohamed Fayaz Salam

Director

Din:05279309

Place: Kochi

Date: 13th August 2016

Place : Kochi

Date: 13th August 2016

CHERAMAN FUNDS MANAGEMENT LIMITED

Statement of Profit and Loss for the Year Ended 31st March, 2016

Particulars	Note No.	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
I Income			
a) Revenue from Operations		-	-
b) Other Income		-	-
Total Revenue (a+b)		-	-
II Expenses:			
a) Employee Benefit Expenses	10	8,243	3,454,874
b) Depreciation and Amortisation Expenses	6	143,807	143,968
c) Other Expenses	11	367,851	910,307
Total Expenses (a+b+c)		519,901	4,509,149
III. Profit/(Loss) before exceptional and items and tax (I -II)		(519,901)	(4,509,149)
IV. Exceptional Items	12	-	(121,039)
V. Profit/(Loss) Before Tax (III-IV)		(519,901)	(4,388,110)
VI. Tax Expense:			
a) Current Tax		-	-
b) Deferred Tax		-	-
VII. Profit/(Loss) After Tax (V-VI)		(519,901)	(4,388,110)
VIII. Earning per Equity Share of Rs.10 each	13		
(1) Basic & Diluted		(0.30)	(2.51)

Significant Accounting Policies

1

The accompanying notes form an integral part of the financial statements.

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy

For and on behalf of the Board of Directors

Chartered Accountants

(Firm Regn.No.001488S)

Sd/-

K T Mohanan

Partner

(M No.201484)

Sd/-

Remesh Shenoi S

Director

Din:07077337

Sd/-

Mohamed Fayaz Salam

Director

Din:05279309

Place: Kochi

Date: 13th August 2016

Place : Kochi

Date: 13th August 2016

CHERAMAN FUNDS MANAGEMENT LIMITED
Cash Flow Statement For The Year Ended 31st March 2016

Particulars	2015-16	2014-15
	Amount (INR)	Amount (INR)
A. Cash Flow From Operating Activities		
Profit/(Loss) Before Tax & Exceptional Items	(519,901)	(4,509,149)
Adjustments for:		
Depreciation and Amortisation	143,807	143,968
Operating Profit before working capital changes	(376,094)	(4,365,181)
Movements in working capital :		
Increase/ (decrease) in short term borrowings		
Increase/ (decrease) in other current liabilities	(209,352)	335,580
Increase/ (decrease) in short term provisions	-	(220,648)
Decrease / (increase) in long-term loans and advances	-	500
Decrease / (increase) in short-term loans and advances	240	(273,007)
Net change in working capital	(209,112)	(157,575)
Cash generated from/(used in) operations	(585,206)	(4,522,756)
Direct Taxes Paid (net of Refund)	-	-
Cash generated from /(used in) from operating activities (A)	(585,206)	(4,522,756)
B. Cash Flow from Investing Activities		
Purchase of Fixed assets	-	-
Net cash flow from/(used in) investing activities (B)	-	-
C. Cash Flow from Financing Activities		
Proceeds from issue of Share capital	-	
Proceeds from Short term borrowing	400,000	4,500,000
Net cash flow from/(used in) financing activities (C)	400,000	4,500,000
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(185,206)	(22,756)
Cash & Cash Equivalents at the beginning of the year	392,867	415,623
Cash & Cash Equivalents at the end of the year (Note 8)	207,661	392,867

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy

For and on behalf of the Board of Directors

Chartered Accountants
(Firm Regn.No.001488S)

Sd/-

K T Mohanan
Partner
(M No.201484)

Sd/-

Remesh Shenoi S
Director
Din:07077337

Sd/-

Mohamed Fayaz Salam
Director
Din:05279309

Place: Kochi

Date: 13th August 2016

Place : Kochi

Date: 13th August 2016

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

1 Significant Accounting Policies

1.1 Basis of Accounting

The financial statements of the Company are prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), on accrual basis under historical cost convention as a going concern. The Company has prepared these financial statements to comply with the requirements of mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013(Act) read with rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies adopted for the preparation of financial statements are consistent with those of the previous year except when a newly issued accounting standards is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use and when the statute mandate the change.

1.2 Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period.

1.3 Tangible & Intangible Assets

Tangible and Intangible assets are stated at original cost of acquisition / installation net off accumulated depreciation, amortization and impairment losses. The cost of fixed assets includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition/installation.

1.4 Impairment of Tangible & Intangible Assets

At each Balance Sheet date, the company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

1.5 Depreciation of Tangible & Intangible Assets

Depreciable amount for Tangible & Intangible Assets is the cost of the asset, or other amount substituted for the cost, less its estimated residual value.

Depreciation on tangible assets has been provided on the Straight-Line Method (SLM) by adopting the useful life prescribed as per Part C of Schedule II to the Companies Act, 2013 and retaining 5% of the original cost as residual value, except for assets having value less than Rs.10,000/- which are depreciated at 100% in the year of purchase.

Cost of Software is treated as Intangible Assets and is amortised over a period of three years in accordance with Accounting Standard (AS) 26.

1.6 Investments

Investments intended to be held for not more than one year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

1.7 Preliminary Expenses

Preliminary/Preincorporation expenses incurred are written off to Statement of Profit & Loss in the year in which it is incurred in accordance with Accounting Standard 26 issued by ICAI.

1.8 Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the employee has rendered service.

The Company provides Gratuity/Leave Encashment benefit to all employees which is a defined benefit plan. This liability is unfunded and the company pays these benefits as and when the employee leaves the organization. Provision for the year is made on the assumption that this benefit is to be paid to all employees at the end of the accounting year.

1.9 Taxes on Income

Current Tax is provided and determined as the amount of tax payable in respect of taxable income for the period. Deferred Tax is provided and recognized on timing differences between taxable income and accounting income subject to consideration of prudence. Deferred tax is not recognized as assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

1.10 Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

1.11 Cash Flow Statement

Cash Flows are reported using the Indirect Method, whereby net profit before tax is adjusted for the effect of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Notes to the Financial Statement For The Year Ended 31st March 2016

2 Share Capital

Particulars	31st March 2016 Amount (INR)	31st March 2015 Amount (INR)
Authorised Capital		
17,50,000 (10,00,000) Equity Shares of Rs. 10/- each	17,500,000	17,500,000
Issued and Subscribed and Paid Up:		
17,50,000 (17,50,000) Equity Shares of Rs. 10/- each	17,500,000	17,500,000
	17,500,000	17,500,000

2.1 Terms/ Rights Attached to Equity Shares:

The company has only one class of equity shares having par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2 Reconciliation of Outstanding Shares

Particulars	31st March 2016		31st March 2015	
	No of shares	Amount (INR)	No of shares	Amount (INR)
Opening as on 1st April	1,750,000	17,500,000	1,750,000	17,500,000
Closing as on 31st March	1,750,000	17,500,000	1,750,000	17,500,000

2.3 Details of Shareholders Holding more than 5% Shares of the Company

Name of the Shareholder	No. of shares as on 31st March 2016	% of holding	No. of shares as on 31st March 2015	% of holding
Cheraman Financial Services Ltd	1,750,000	100%	1,750,000	100%

3 Reserves & Surplus

Particulars	31st March 2016 Amount (INR)	31st March 2015 Amount (INR)
a) Surplus (Deficit) in Statement of Profit & Loss		
Opening Balance	(20,073,587)	(15,685,477)
Add : Profit/(Loss) for the year	(519,901)	(4,388,110)
TOTAL	(20,593,488)	(20,073,587)

4 Short term Borrowings

Particulars	31st March 2016 Amount (INR)	31st March 2015 Amount (INR)
Unsecured Loan		
- From Related Party	4,900,000	4,500,000
TOTAL	4,900,000	4,500,000
The loan represents interest free unsecured loan taken from Holding company in the ordinary course of business and are repayable on demand.		

5 Other Current Liabilities

Particulars	31st March 2016 Amount (INR)	31st March 2015 Amount (INR)
a) Statutory Payables	100	12,039
b) Other Payables	141,242	338,655
TOTAL	141,342	350,694

7 Long Term Loans and Advances

Particulars	31st March 2016 Amount (INR)	31st March 2015 Amount (INR)
Unsecured, Considered Good		
(a) Security and Other Deposits	500	500
TOTAL	500	500

8 Cash and Bank Balances

Particulars	31st March 2016 Amount (INR)	31st March 2015 Amount (INR)
Cash & Cash Equivalents		
i) Balance with Banks		
- On Current Account	199,472	387,418
ii) Cash on Hand	8,189	5,449
TOTAL	207,661	392,867

9 Short-Long Term Loans & Advances

Particulars	31st March 2016 Amount (INR)	31st March 2015 Amount (INR)
Unsecured and Considered Good		
a) Cheraman Fund	1,083,344	1,083,344
(Refer Note No.15)		
b) Other Advances	-	240
TOTAL	1,083,344	1,083,584

10 Employee Benefit Expenses

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Salaries, Wages and Bonus	-	3,245,506
Contribution to Provident and Other Funds	8,243	188,718
Staff Welfare Expenses	-	20,650
TOTAL	8,243	3,454,874

11 Other Expenses

Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	Amount (INR)	Amount (INR)
Rent	267,100	548,844
Professional Charges	45,477	98,089
Travelling & Conveyance	-	40,653
Postage, Internet & Telephone Expenses	880	38,857
Electricity Charges	1,522	7,733
Annual Maintenance Contract	11,685	28,622
Repairs and Maintenance Computer	-	3,415
Generator Running Expense	6,608	5,042
Office General Expenses	1,100	68,754
Recruitment Expenses	-	-
Printing & Stationery	-	2,950
Rates & Taxes	12,677	10,224
Seminar & Conference Fee	-	42,124
Bank Charges	802	-
Payment to Auditor		
a) As Auditor	20,000	15,000
TOTAL	367,851	910,307

12 Exceptional Items

Exceptional Items Previous Year represents change in depreciation policy pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1 2014 based on which the company revised the estimated useful life of the its assets to align the useful life with those specified in Schedule II. The company also changed the method of depreciation from Written Down Value Method (WDV) to Straight Line Method (SLM). 'Consequent to this change, all assets are now being depreciated under SLM and an amount of Rs.1,21,039/-being the excess depreciation charged in prior years has been credited to the Statement of Profit & Loss.

13 Earnings Per Share

Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	Amount (INR)	Amount (INR)
Profit / (Loss) Attributable to Equity Share Holders	(519,901)	(4,388,110)
Weighted Average number of Equity Share Outstanding (Nos)	1,750,000	1,750,000
Earnings Per Share	(0.30)	(2.51)

14 **Disclosure of transactions with related parties as required by Accounting Standard - 18 on Related Party Disclosures as prescribed by Companies (Accounting Standard) Rules, 2006**

14.1 **Details of Related Parties**

Description of Relationship	Name of Related Parties
Holding Company	Cheraman Financial Services Ltd.
Fellow Subsidiary	Cheraman Infrastructure Private Ltd. Suits India Private Ltd.
Persons having significant influence over the company	-
Enterprises under control of persons having significant influence over the company and with whom transactions were carried out during the year	-

14.2 **Details of Related Party Transactions during the year ended 31st March, 2016**

Name of Related Party	Nature of Transaction	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
		Amount (INR)	Amount (INR)
Cheraman Financial Services Ltd	Subscription to Equity Share Capital	-	-
	Unsecured Loan Taken	400,000	4,500,000
	Outstanding Loan Balance at the end of the year	4,900,000	4,500,000
	Expense Reimbursement Paid	88,775	30,292

15 Loans & Advances to Cheraman Fund represents various expenses incurred in setting up the Alternate Investment Fund and to be recovered from the contributors of the scheme.

16 The Management had made an effort to identify components having significant cost to the total cost of the asset and is having different useful life than that of the whole of the asset. Based on a technical evaluation no components having these characteristics had been identified, which is having a material impact on the measurement of depreciation.

17 **Contingent Liabilities, Commitments (to the extent not provided for)**

(Disclosed in terms of Accounting Standard -29 on Provisions, Contingent Liabilities & Contingent Assets notified by the Companies (Accounting Standards) Rules, 2006.

a) Contingent Liabilities:

- i) Claims against the company not acknowledged as debt - Nil
- ii) Others - Nil

b) Commitments - Nil

18 **Litigations:** The Company is not subject to any legal proceedings and claims, which have arisen in the ordinary course of business.

19 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- 20 The Company has accumulated loss and its net worth is fully eroded as on the balance sheet date. However, the business plan of the company is having future prospects and it is expected that the performance of the Company in the coming years will improve so as to wipe off the accumulated loss in near future. Further the Holding Company is having the ability to infuse sufficient funds. Therefore, the company is having the ability to continue as going concern as on the date of Balance Sheet.
- 21 Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

Signatures to Note 1 to 21 forming integral part of accounts.

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy

For and on behalf of the Board of Directors

Chartered Accountants

(Firm Regn.No.001488S)

Sd/-
K T Mohanan
Partner
(M No.201484)

Sd/-
Remesh Shenoi S
Director
Din:07077337

Sd/-
Mohamed Fayaz Salam
Director
Din:05279309

Place: Kochi
Date: 13th August 2016

Place : Kochi
Date: 13th August 2016

6 Fixed Assets

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions	As at 31.03.2016	As at 01.04.2015	Depreciation Reversal*	For the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible Assets									
Computer	29,700	-	29,700	16,629		11,587	28,216	1,484	13,071
Generator	742,683		742,683	126,125		76,350	202,475	540,208	616,558
Office Equipments	245,752		245,752	75,227		55,870	131,097	114,655	170,525
Total Tangible Assets (A)	1,018,135	-	1,018,135	217,981	-	143,807	361,788	656,347	800,154
B. Intangible Assets									
Computer Software	17,600		17,600	17,598	-	-	17,598	2	2
Total Intangible Assets (B)	17,600	-	17,600	17,598	-	-	17,598	2	2
Total (A+B)									
	1,035,735	-	1,035,735	235,579	-	143,807	379,386	656,349	800,156
Previous Year	1,035,735	-	1,035,735	212,650	(121,039)	143,968	235,579	800,156	823,085

* Depreciation Reversal Previous Year (Rs.1,21,039) represents the write back of excess depreciation charged in earlier years consequent to the change in the method of charging depreciation from Written Down Value Method to Straight Line Method

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
M/S SUITS INDIA PRIVATE LIMITED**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Financial Statements of **Suits India Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- i) in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2016;
- ii) in the case of Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
- iii) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), 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 the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the Directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
 - 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"; and

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations which would impact its financial position, refer note no.2.38 of the notes forming part of annual accounts.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the investor education and protection fund by the Company.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants
FIRM REG. NO. 001488S

Place: Cochin – 16
Date: 30/07/2016

Sd/-
K T Mohanan
Partner
M No.201484

**“ANNEXURE A” REFFERED TO IN PARAGRAPH 1 UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR
INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL
STATEMENTS OF SUITS INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH
2016**

- (i) a) The Company is in the process of preparing proper records showing full particulars, including quantitative details and situation of fixed asset.

b) As explained to us the fixed assets have been physically verified by the management during the year in a phased manner, which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. It is reported that no material discrepancies between the book records and physical fixed assets have been noticed.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable properties and hence question of commenting on the title deeds of immovable properties held in the name of the Company do not arise.
- (ii) We are informed that physical verification of inventory has been conducted at reasonable intervals by the management and it is reported that no material discrepancies were noted on such physical verification.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, paragraphs (iii) (a), (b) and (c) of CARO 2016 are not applicable.
- (iv) The Company has not granted loan, made investments, given guarantees or security, attracting the provisions of section 185 and section 186 of the Companies Act, 2013 during the period under report.
- (v) The Company has not accepted deposits from the public during the year 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 per the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records u/s 148 (1) of the Companies Act, 2013, in respect of activities carried on by the Company.
- vii) a) According to the information and explanations furnished to us and according to the examination of the records, the company is 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 with the appropriate authorities during the year. There are no arrears of

outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and based on the records of the Company examined by us, there is 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) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements 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 any financial institution or from the Government and has not issued any debentures.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of paragraph 3 (ix) of the order are not applicable to the company and hence not commended upon.
- (x) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud either by the Company or on the company by its officers/employees, has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, to the extent applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act 2013 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year except for the preferential allotment of 15176 equity shares and the amount raised has been used for the purpose for which the fund were raised.

- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable 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 paragraph 3(xvi) of the Order is not applicable to the Company and hence not commented upon.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants
FIRM REG. NO. 001488S

Place: Cochin – 16
Date: 30/07/2016

Sd/-
K T Mohanan
Partner (M No.201484)

“ANNEXURE B” REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SUITS INDIA PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH 2016

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 Suits India Private Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the 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 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 Krishnamoorthy & Krishnamoorthy

Chartered Accountants
FIRM REG. NO. 001488S

Place: Cochin – 16
Date: 30/07/2016

Sd/-
K T Mohanan
Partner (M No.201484)

Balance Sheet as at March 31, 2016

Particulars	Note	For the year ended	
		31.03.2016	31.03.2015
		Amount in Rs.	Amount in Rs.
I. EQUITY AND LIABILITIES			
1. SHAREHOLDER'S FUNDS			
a. Share Capital	2.1	827,630	675,870
b. Reserves and Surplus	2.2	11,152,340	13,475,825
		11,979,970	14,151,695
2. NON-CURRENT LIABILITIES			
a. Long-term borrowings	2.3	92,000	958,578
b. Defferred Tax Liability (Net)	2.4	99,050	
c. Long term provisions	2.5	309,211	-
		500,262	958,578
3. CURRENT LIABILITIES			
a. Trade payables	2.6	824,851	9,735
b. Other current liabilities	2.7	2,984,854	1,031,318
		3,809,705	1,041,053
		16,289,936	16,151,327
II. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i. Tangible assets	2.8	10,426,321	-
ii. Intangible assets	2.8	36,900	-
iii. Capital work-in-progress	2.8	-	3,617,588
iv. Intangible asset under development (Note. 2.32)	2.8	2,111,490	193,482
b. Long-term loans and advances	2.9	888,249	3,397,751
c. Other Non-Current Assets	2.10	452,000	
		13,914,959	7,208,821
2. CURRENT ASSETS			
a. Inventories	2.11	2,078,797	216,702
b. Trade Receivables	2.12	18,151	-
c. Cash and cash equivalents	2.13	51,362	6,707,204
d. Short-tem loans and advances	2.14	196,225	1,587,372
e. Other current assets	2.15	30,442	431,228
		2,374,977	8,942,506
		16,289,936	16,151,327

Significant Accounting Policies and notes to Accounts 1 & 2

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Krishnamoorthy & Krishnamoorthy

For and on behalf of the Board of Directors

Chartered Accountants

(Firm Regn.No.001488S)

Sd/-

K T Mohanan

Partner

(M No.201484)

Sd/-

Aju George Kurian

Managing Director

DIN 06738472

Sd/-

Geetha George

Director

DIN 06738508

Place : Ernakulam

Date : 30/07/2016

Statement of Profit and Loss For The Year Ended 31st March 2016			
Particulars	Note	For the year ended	
		31.03.2016	31.03.2015
		Amount in Rs.	Amount in Rs.
I. Income			
a. Revenue from operations			-
i. Sale of Product	2.16	1,395,838	
ii. Less: Excise Duty and cess		142,427	
Net Revenue from operation		1,253,410	
b. Other Income	2.17	106,171	-
Total Revenue		1,359,581	-
II. Expenses			
a. Cost of materials consumed	2.18	681,189	-
b. Changes in inventories of finished goods, work-in-progress and stock in trade	2.19	(336,168)	-
c. Employee benefit expense	2.20	3,464,311	1,393,305
d. Finance costs	2.21	224,866	119,653
e. Depreciation and amortization expenses	2.8	519,501	-
f. Other expenses	2.22	3,279,597	1,041,177
Total Expenses		7,833,296	2,554,135
III. Profit/ (Loss) Before Tax		(6,473,715)	(2,554,135)
IV. Tax expenses			
Current tax		-	-
Deferred tax		99,050	-
V. Profit / (Loss) After Tax		(6,572,765)	(2,554,135)
VI. Earnings per Equity Share of Rs.10 each			
Basic & Diluted	2.23	(89.29)	(67.03)
Significant Accounting Policies and notes to Accounts		1 & 2	
The accompanying notes form an integral part of the financial statements.			
As per our report of even date attached			
For Krishnamoorthy & Krishnamoorthy		For and on behalf of the Board of Directors	
Chartered Accountants			
(Firm Regn.No.001488S)			
Sd/-		Sd/-	
K T Mohanan		Aju George Kurian	
Partner		Managing Director	
(M No.201484)		DIN 06738472	
		Sd/-	
		Geetha George	
		Director	
		DIN 06738508	
Place : Ernakulam			
Date : 30/07/2016			

Cash Flow Statement For The Year Ended 31st March 2016		
Particulars	For the year ended	
	31.03.2016	31.03.2015
	Amount in Rs.	Amount in Rs.
A. Cash Flow From Operating Activities		
Profit/(Loss) Before Tax & Exceptional Items	(6,473,715)	(2,554,135)
Adjustments for:		
Add: Depreciation and Amortisation	519,501	
Operating Profit before working capital changes	(5,954,214)	(2,554,135)
Movements in working capital :		
Increase/ (decrease) in other long term liabilities	(866,578)	958,578
Increase/ (decrease) in Long term provision	309,211	
Increase/ (decrease) in other current liabilities	1,953,536	1,031,318
Increase/ (decrease) in Trade Payables	815,116	9,735
Decrease / (increase) in Inventories	(1,862,095)	(216,702)
Decrease / (increase) in long-term loans and advances	2,509,502	(3,397,751)
Decrease / (increase) in short-term loans and advances	1,391,147	(1,587,372)
Decrease / (increase) in other current assets	400,786	(431,228)
Decrease / (increase) in Trade Receivables	(18,151)	-
Decrease / (increase) in other non current assets	(452,000)	-
Net change in working capital	4,180,474	(3,633,421)
Cash generated from/(used in) operations	(1,773,740)	(6,187,556)
Direct Taxes Paid (net of Refund)		-
Cash generated from /(used in) from operating activities (A)	(1,773,740)	(6,187,556)
B. Cash Flow from Investing Activities		
Purchase of Fixed assets	(9,283,142)	(3,811,070)
Net cash flow from/(used in) investing activities (B)	(9,283,142)	(3,811,070)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share capital	4,401,040	16,700,230
Net cash flow from/(used in) financing activities (C)	4,401,040	16,700,230
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(6,655,842)	6,701,604
Cash & Cash Equivalents at the beginning of the year	6,707,204	5,600
Cash & Cash Equivalents at the end of the year (Note 12)	51,362	6,707,204
As per our report of even date attached For Krishnamoorthy & Krishnamoorthy Chartered Accountants (Firm Regn.No.001488S)		
For and on behalf of the Board of Directors		
Sd/- K T Mohanan Partner (M No.201484)	Sd/- Aju George Kurian Managing Director DIN 06738472	Sd/- Geetha George Director DIN 06738508
Place : Ernakulam Date : 30/07/2016		

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

Company Overview

Suits India Private Limited is a private company incorporated in India on 29, November 2013 to manufacture various kinds of suits, blazers, pants, shirts, and interlinings and distribute and sell the same. It is a 100% Export Oriented Unit.

1. Significant Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements of the Company are prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), on accrual basis under historical cost convention as a going concern. The Company has prepared these financial statements to comply with the requirements of mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013(Act) read with rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies adopted for the preparation of financial statements are consistent with those of the previous year except when newly issued accounting standards are initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use and when the statute mandate the change.

1.2 Use of Estimates

The preparation of financial statements require the management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (Including Contingent Liabilities) as on the date of financial statements and the reported Income and Expenses in the reporting period. The estimates and assumptions used in the financial statements are based upon the Managements evaluation of the relevant facts and circumstances as on the date of financial statements. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results may vary from these estimates.

1.3 Fixed assets

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation and impairment losses if any. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment losses, if any. Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.

1.4 Depreciation / Amortization

Depreciable amount for Tangible & Intangible Assets is the cost of the asset, or other amount substituted for the cost, less its estimated residual value.

Depreciation on tangible assets has been provided on the Straight-Line Method (SLM) by adopting the useful life prescribed as per Part C of Schedule II to the Companies Act, 2013 and retaining 5% of the original cost as residual value.

Cost of Software is treated as Intangible Assets and is amortized over a period of three years in accordance with Accounting Standard (AS) 26.

1.5 Revenue recognition

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefit will flow to the company.

1.6 Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

1.7 Inventories

Raw materials and components, finished goods and work in progress are valued at cost or net realizable value, whichever is lower.

1.8 Leases

Leases of assets, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

1.9 Employee benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the employee has rendered service.

The Company provides Gratuity benefit to all employees which is a defined benefit plan. This liability is unfunded and the company pays these benefits as and when the employee leaves the organization.

1.10 Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax expenses or benefit is recognized on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted by the balance sheet date. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

1.11 Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the

1.12 Cash Flow Statement

Cash Flows are reported using the Indirect Method, whereby net profit before tax is adjusted for the effect of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

2. Notes to accounts for the year ended March 31, 2016

2.1 Share Capital

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Authorized Capital 84,100 (2015:67,600) equity shares [Par value of ` 10 per share]	841,000	676,000
Issued, Subscribed and Paid Up 82,763 (2015:67,587) equity shares of ` 10 each	827,630	675,870
Total	827,630	675,870

Subsequent to March 31, 2015, the authorised equity share capital of the Company has been increased to 84,100 shares.

2.1.1 Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting.

2.1.2 Details of shareholders holding more than 5% shares in the Company.

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No: of shares	% held	No: of shares	% held
AJU GEORGE KURIAN	8,728	10.55%	7,600	11.24%
GEETHA GEORGE	2,155	2.60%	1,900	2.81%
CHERAMAN FINANCIAL SERVICES LIMITED	71,380	86.25%	57,587	85.20%

2.1.3 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

Equity shares.

Particulars	As at March 31, 2016		As at March 31, 2015	
	No: of shares	in Rs	No: of shares	in Rs
At the beginning of the period	67,587	675,870	10,000	100,000
Add: Shares issued during the period	15,176	151,760	57,587	575,870
Number of shares at the end of the period	82,763	827,630	67,587	675,870

2.2 Reserve and Surplus

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Securities Premium account		
Premium received on issues of shares	20,373,640	16,124,360
	20,373,640	16,124,360
Surplus / (Deficit)		
Opening Balance	(2,648,535)	(94,400)
Add: Net Profit/(Loss) after tax transferred from statement of Profit and Loss	(6,572,765)	(2,554,134.68)
Closing Balance	(9,221,300)	(2,648,534.98)
Total	11,152,340	13,475,825

2.3 Long-term borrowings

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
(a) Long term maturities of finance lease obligations; Secured: - Cheraman Financials Services Limited	-	958,578
(b) Loans and advances from related parties; Unsecured Loan from Director	92,000	
Total	92,000	958,578
Note: (a) The Company has taken on lease from M/s Cheraman Financial Services Limited, equipment worth Rs.15,03,501.81/-. The annualized cost to the Company is 15% and the lease term is 27 months from commencement of lease. The company has a moratorium of 11 months from the commencement of lease after which the lease rent to be paid in 6 quarterly installments of Rs.2,89,146.58/-. The asset will be transferred at minimum value being 10% of equipment cost at the end of the lease. The financial lease has been recognized as per AS 19.		
(b) The Company has taken interest free unsecured loan from Director on 29.03.2016 amounting to Rs. 2,30,000. The loan is repayable in 20 months equal installment. No penal interest is chargeable in case of default.		

2.4 Deferred Tax Liability (Net)

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
a) Deferred Tax Liability On excess of net book value over Income tax written down value of fixed assets	216,309.16	-
b) Deferred tax Asset On Provisions	95,546.25	-
On other disallowances	21,712.56	-
Total	99,050.35	-

2.5 Long Term Provisions

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Provision for Employee Benefit	309,211	-
Total	309,211	-

2.6 Trade payables

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Trade payables	824,851	9,735
Total	824,851	9,735

2.7 Other Current Liabilities

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
(a) Current maturities of long-term debt	138,000	
(b) Current maturities of finance lease obligation	1,084,405	544,929
(c) Other Payables		
i) Statutory Remittance	339,778	
ii) Payables for capital goods	-	88,941
iii) Advance received from Customers	47,676	-
iv) Amount due to employees	1,085,784	204,216
v) Expense Payable	289,212	193,232
Total	2,984,854	1,031,318

2.8 Fixed Assets and Capital Work-in-progress

Amount in Rs.

Particulars	Gross Block				Depreciation/impairment				Net Block	
	As at April 1, 2015	Additions / Adjustments during the year	Deletions / Retirement during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deductions / Adjustments during the year	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
i. Tangible Assets										
Plant and Machinery		4,836,334	-	4,836,334	-	136,147		136,147	4,700,187	
Plant and Machinery under Lease		1,769,025		1,769,025		55,866	-	55,866	1,713,159	
Buildings										
Office building		746,711	-	746,711	-	11,765	-	11,765	734,946	
Factory building		1,885,447	-	1,885,447	-	54,432	-	54,432	1,831,015	
Electrical fittings		766,487	-	766,487	-	50,524	-	50,524	715,963	
Office Equipment		45,735		45,735		6,952		6,952	38,783	
Furniture		386,828	-	386,828	-	32,172	-	32,172	354,656	
Computer and Accessories		492,155	-	492,155	-	154,544	-	154,544	337,611	
				-				-	-	
Total Tangible Asset	-	10,928,722	-	10,928,722	-	502,401	-	502,401	10,426,321	-
ii. Intangible Assets										
Computer software		54,000	-	54,000	-	17,100	-	17,100	36,900	
Total Intangible Asset	-	54,000	-	54,000	-	17,100	-	17,100	36,900	-
iii. Capital work-in-progress	3,617,588.00	-	3,617,588.00	-	-	-	-	-	-	3,617,588.00
iv. Intangible asset under development (Refer Note 2.32)	193,482.00	1,918,007.50		2,111,489.50					2,111,490	
Total (i+ ii+ iii)	3,811,070.00	12,900,729.40	3,617,588.00	13,094,211.40	-	519,501.20	-	519,501.20	12,574,710.20	3,617,588.00
Previous Year		3,811,070.00	-	3,811,070.00	-	-	-	-	3,811,070.00	-

2.9 Long-term loans and advances

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Unsecured, considered good		
a) Capital Advances	510,666	3,122,415
b) Security and other Deposits	370,336	275,336
c) Income Tax Advance	7,247	
Total	888,249	3,397,751

2.10 Other Non-Current Assets

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Fixed Deposit with bank	452,000	-
Total	452,000	-

A fixed deposit of Rs 4,12,000 and Rs 40000 is held as security for bank guarantee issued in favor of The Central Excise and Customs and The Commercial Tax Department respectively

2.11 Inventories

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Raw-materials	1,548,786	210,651
Work In Progress	183,094	-
Finished Goods	153,074	-
Packing Materials and other consumables	193,844	6,051
Total	2,078,798	216,702

2.11.(a) Inventories are as taken valued and certified by the Management.

2.12 Trade receivables

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Unsecured, Considered Good		
(a) Outstanding for a period exceeding six months	-	-
(b) Others	18,151	-
Total	18,151	-

2.13 Cash And Cash Equivalents

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Balances with Bank	30,588	6,621,263
Cash-in- hand	20,774	85,941
Total	51,362	6,707,204

2.14 Short-term loans and advances

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Unsecured and considered good:		
Advances recoverable in cash or in kind or for value	196,225.00	765,247
Loans and advance to related party	-	822,125
Total	196,225	1,587,372

2.15 Other current Assets

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Interest accrued on FD	30442	
Rent advance	-	431,228
Total	30,442	431,228

2.20 Employee benefit expenses

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Salaries, Wages	4,940,115	1,393,305
Gratuity	309,211	
Staff Welfare	81,417	
Less: Salary apportioned to intangible assets under development	1,866,433	
Total	3,464,311	1,393,305

2.21 Finance costs

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Finance Cost - Lease	224,866	119,653
Total	224,866	119,653

2.22 Other expenses

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Consumption of Stores & Consumables	173,090.88	-
Power and fuel	474,333	13,710
Loading,Transportation and Other charges on products	116,311	-
Repairs and maintenance		
- Building	29,765.00	-
- Plant & Machinery	178,484.60	-
- Others	11,290.00	-
Rent	1,234,775	336,309
Rates, taxes and filing fee	52,350	87,927
Office general expense	253,740	309,524
Advertisement & Publicity Charges	135,429.00	6,000.00
Postage and Telephone charges	81,552	6,132
Discount and commission on sales	10,577	-
Donation and subscription	8,800	-
Insurance	1,824	-
Legal and professional fee	403,676	261,470
Payment to Auditor		
a) Statutory Audit Fee	30,000	2,000
b) Taxation Matters	-	-
Printing and stationary	57,913	2,565
Bank Charges	25,686	15,540
Total	3,279,597	1,041,177

2.23 Earnings Per Share

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Profit/(Loss) Attributable to Equity Share Holders	(6,572,765)	(2,554,135)
Weighted Average Number of Equity Share Outstanding (Nos)	73,615	38,104
Earnings Per Share	(89)	(67)

2.24 Assets taken on lease

Finance leases:

The following is a schedule of present value of future minimum lease payments under finance leases, together with the value of the minimum lease payments as at March 31, 2016.

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Present value of minimum lease payments		
Not later than one year	1,084,405	544,929
Later than one year and not later than five years	-	958,578
Total present value of minimum lease payments	1,084,405	1,503,508
Add: Amount representing interest	224,866	421,802
Total value of minimum lease payments	1,309,271	1,925,310

2.25 The Company is a small and Medium Sized Company (SMC) as defined in the Notification No.GSR 739 (E) dated 7th December, 2006, issued by the Central Government. Accordingly the company has complied with the Accounting Standard as applicable to a small and medium sized Company.

2.26 Related party disclosure

In accordance with the requirements of Accounting Standard (AS)-18 on "Related Party Disclosures" as prescribed by Companies (Accounting standards) Rules, 2006, the names of related parties where control exist and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are:

2.27.1 Name of related parties and description of relationship

Name of related parties	Description of
AJU GEORGE KURIAN	Managing director
GEETHA GEORGE	Director
CHERAMAN FINANCIAL SERVICES LIMITED	Holding Company

2.27.2 Details of related party transactions during the year ended 31st March, 2016

Name of Related Party	Nature of Transaction	As at 31.03.2016	As at 31.03.2015
		Rupees	Rupees
AJU GEORGE KURIAN	Subscription to Equity Share Capital	327,120	-
	Remuneration	1,800,000	989,953
GEETHA GEORGE	-Unsecured Long term loan given	230,000	-
	-Outstanding amount due at the end of the year	230,000	-
	Subscription to Equity Share Capital	73,950	-
	Remuneration	-	75,000
CHERAMAN FINANCIAL SERVICES LIMITED	Subscription to Equity Share Capital	3,999,970	16,700,230
	-Outstanding balance of lease facility at the beginning of the year	1,623,161	
	-Equipment Lease facility availed during the year	-	1,503,508
	-Finance Cost Payable For Equipment Leasing recognized during the year	224,866	119,653
	-Outstanding balance of lease facility at the end of the year	1,084,405	1,623,161

2.28. Particulars of Stock of Finished Goods

Product	Sales Rupees	Closing Stock		Closing Stock	
		2015 - 16		2014-15	
		Finished Goods	Work in Progress	Finished Goods	Work in Progress
Readymade size set	-	113,745.26		-	-
Sample Blazers	5,340.00	7,922.89		-	-
Sample Pant	-	1,319.77		-	-
Suits	328,915.36	20,449.92		-	-
Three piece suits	-	8,433.47		-	-
Jacket	304,538.00	1,203.03		-	-
Swatch Samples	-		183,093.97		

2.29. Breakup of materials consumption:

Particulars	2015 - 16	% of Consumption	2014-15	% of Consumption
Rawmaterials (Fabrics)			-	-
Imported	18,449.00	3%	-	-
Indigenous	579,481.00	97%	-	-
Total	597,930.00	100%	-	-
Packing Materials				
Indigenous	11,375.00	100%	-	-
Stores and Consumables				
Indigenous	71,884.00	100%	-	-

2.30 Component Accounting

The Management had made an effort to identify components having significant cost to the total cost of the asset and is having different useful life than that of the whole of the asset. Based on a technical evaluation no components having these characteristics had been identified, which is having a material impact on the measurement of depreciation.

2.31 The Company is having only few permanent employees in its rolls and the provision for long term employee benefits such as Gratuity in respect of these employees are made not based on actuarial valuation but has been provided considering the period of service. The Management is of the opinion that since there are only few permanent employees on the rolls of the Company, there will not be any material impact for the provision made without assessing the liability on actuarial basis.

2.32 The Company has purchased a software which is being modified to meet the requirement of the company to manufacture suits, blazers, pants, shirts etc for the Mapping Of 3 D Measurements, Drapping of Virtual Fabrics, designing and Manufacturing being the core technical competency of the company. The expenses incurred for the software along with additional man hours spend for its ongoing modification is being carried forward as design under development to be amortised over a period of 3 years after completion of development.

2.33 Earnings and Expenditure in Foreign Currency

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
(a) Earnings in Foreign Currency	119,589	-
(b) Expenditure in Foreign Currency		
Purchase of Equipment (Including advance payment)	1,276,709	2,127,415
Purchase of Components and Spare Parts	852,937	
Purchase of Raw-material	417,805	575,767
Total Expenditure in Foreign Currency	2,547,450	2,703,182

2.34 CIF Value of Imports

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Capital Goods	1,276,709	961,768
Components and Spare Parts	852,937	
Raw Material	417,805	
	2,547,450	961,768

2.35 Contingent Liabilities, Commitments (to the extent not provided for)

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
a) Contingent Liabilities:		-
i) Claims against the company not acknowledged as debt:	-	-
- Claim by Commercial Tax authority against transportation of Diesel Generator without proper documents. The goods is released against Bank guarantee	40,000.00	-
- Bond given to Customs for warehousing of imported equipment meant for leasing	5,000,000	-
- Bond Executed for Advance DTA Sale with the President of India acting through Assistant Commissioner , Central Excise Ernakulam, Division I, Cochin, Kerala.	3,500,000	-
ii) Others	-	-
b) Commitments		

2.36 Amounts in the financial statements are presented in Rupees.

2.37 Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, no disclosures relating to amounts unpaid as at the year ended 31st March, 2016 together with interest paid /payable are required to be furnished.

2.38 Litigations: The Company is not subject to any legal proceedings and claims, which have arisen in the ordinary course of business.

2.39 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

2.40 The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

As per our report of even date attached

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(Firm Regn.No.001488S)

For and on behalf of the Board of Directors

Sd/-
K T Mohanan
Partner
(M No.201484)

Sd/-
Aju George Kurian
Managing Director
DIN 06738472

Sd/-
Geetha George
Director
DIN 06738508

Place : Ernakulam
Date : 30/07/2016

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
M/S SUITS INDIA PRIVATE LIMITED**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Financial Statements of **Suits India Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- i) in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2016;
- ii) in the case of Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
- iii) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), 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 the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the Directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
 - 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"; and

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company does not have any pending litigations which would impact its financial position, refer note no.2.38 of the notes forming part of annual accounts.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the investor education and protection fund by the Company.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants
FIRM REG. NO. 001488S

Place: Cochin – 16
Date: 30/07/2016

Sd/-
K T Mohanan
Partner
M No.201484

**“ANNEXURE A” REFFERED TO IN PARAGRAPH 1 UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR
INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL
STATEMENTS OF SUITS INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH
2016**

- (i) a) The Company is in the process of preparing proper records showing full particulars, including quantitative details and situation of fixed asset.

b) As explained to us the fixed assets have been physically verified by the management during the year in a phased manner, which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. It is reported that no material discrepancies between the book records and physical fixed assets have been noticed.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable properties and hence question of commenting on the title deeds of immovable properties held in the name of the Company do not arise.
- (ii) We are informed that physical verification of inventory has been conducted at reasonable intervals by the management and it is reported that no material discrepancies were noted on such physical verification.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, paragraphs (iii) (a), (b) and (c) of CARO 2016 are not applicable.
- (iv) The Company has not granted loan, made investments, given guarantees or security, attracting the provisions of section 185 and section 186 of the Companies Act, 2013 during the period under report.
- (v) The Company has not accepted deposits from the public during the year 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 per the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records u/s 148 (1) of the Companies Act, 2013, in respect of activities carried on by the Company.
- vii) a) According to the information and explanations furnished to us and according to the examination of the records, the company is 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 with the appropriate authorities during the year. There are no arrears of

outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and based on the records of the Company examined by us, there is 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) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements 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 any financial institution or from the Government and has not issued any debentures.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of paragraph 3 (ix) of the order are not applicable to the company and hence not commended upon.
- (x) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud either by the Company or on the company by its officers/employees, has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act, to the extent applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act 2013 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year except for the preferential allotment of 15176 equity shares and the amount raised has been used for the purpose for which the fund were raised.

- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable 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 paragraph 3(xvi) of the Order is not applicable to the Company and hence not commented upon.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants
FIRM REG. NO. 001488S

Place: Cochin – 16
Date: 30/07/2016

Sd/-
K T Mohanan
Partner (M No.201484)

“ANNEXURE B” REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SUITS INDIA PRIVATE LIMITED FOR THE YEAR ENDED 31ST MARCH 2016

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 Suits India Private Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the 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 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 Krishnamoorthy & Krishnamoorthy

Chartered Accountants
FIRM REG. NO. 001488S

Place: Cochin – 16
Date: 30/07/2016

Sd/-
K T Mohanan
Partner (M No.201484)

Balance Sheet as at March 31, 2016

Particulars	Note	For the year ended	
		31.03.2016	31.03.2015
		Amount in Rs.	Amount in Rs.
I. EQUITY AND LIABILITIES			
1. SHAREHOLDER'S FUNDS			
a. Share Capital	2.1	827,630	675,870
b. Reserves and Surplus	2.2	11,152,340	13,475,825
		11,979,970	14,151,695
2. NON-CURRENT LIABILITIES			
a. Long-term borrowings	2.3	92,000	958,578
b. Defferred Tax Liability (Net)	2.4	99,050	
c. Long term provisions	2.5	309,211	-
		500,262	958,578
3. CURRENT LIABILITIES			
a. Trade payables	2.6	824,851	9,735
b. Other current liabilities	2.7	2,984,854	1,031,318
		3,809,705	1,041,053
		16,289,936	16,151,327
II. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed assets			
i. Tangible assets	2.8	10,426,321	-
ii. Intangible assets	2.8	36,900	-
iii. Capital work-in-progress	2.8	-	3,617,588
iv. Intangible asset under development (Note. 2.32)	2.8	2,111,490	193,482
b. Long-term loans and advances	2.9	888,249	3,397,751
c. Other Non-Current Assets	2.10	452,000	
		13,914,959	7,208,821
2. CURRENT ASSETS			
a. Inventories	2.11	2,078,797	216,702
b. Trade Receivables	2.12	18,151	-
c. Cash and cash equivalents	2.13	51,362	6,707,204
d. Short-tem loans and advances	2.14	196,225	1,587,372
e. Other current assets	2.15	30,442	431,228
		2,374,977	8,942,506
		16,289,936	16,151,327

Significant Accounting Policies and notes to Accounts 1 & 2

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Krishnamoorthy & Krishnamoorthy

For and on behalf of the Board of Directors

Chartered Accountants

(Firm Regn.No.001488S)

Sd/-

K T Mohanan

Partner

(M No.201484)

Sd/-

Aju George Kurian

Managing Director

DIN 06738472

Sd/-

Geetha George

Director

DIN 06738508

Place : Ernakulam

Date : 30/07/2016

Statement of Profit and Loss For The Year Ended 31st March 2016			
Particulars	Note	For the year ended	
		31.03.2016	31.03.2015
		Amount in Rs.	Amount in Rs.
I. Income			
a. Revenue from operations			-
i. Sale of Product	2.16	1,395,838	
ii. Less: Excise Duty and cess		142,427	
Net Revenue from operation		1,253,410	
b. Other Income	2.17	106,171	-
Total Revenue		1,359,581	-
II. Expenses			
a. Cost of materials consumed	2.18	681,189	-
b. Changes in inventories of finished goods, work-in-progress and stock in trade	2.19	(336,168)	-
c. Employee benefit expense	2.20	3,464,311	1,393,305
d. Finance costs	2.21	224,866	119,653
e. Depreciation and amortization expenses	2.8	519,501	-
f. Other expenses	2.22	3,279,597	1,041,177
Total Expenses		7,833,296	2,554,135
III. Profit/ (Loss) Before Tax		(6,473,715)	(2,554,135)
IV. Tax expenses			
Current tax		-	-
Deferred tax		99,050	-
V. Profit / (Loss) After Tax		(6,572,765)	(2,554,135)
VI. Earnings per Equity Share of Rs.10 each			
Basic & Diluted	2.23	(89.29)	(67.03)
Significant Accounting Policies and notes to Accounts		1 & 2	
The accompanying notes form an integral part of the financial statements.			
As per our report of even date attached			
For Krishnamoorthy & Krishnamoorthy		For and on behalf of the Board of Directors	
Chartered Accountants			
(Firm Regn.No.001488S)			
Sd/-		Sd/-	
K T Mohanan		Aju George Kurian	
Partner		Managing Director	
(M No.201484)		DIN 06738472	
		Sd/-	
		Geetha George	
		Director	
		DIN 06738508	
Place : Ernakulam			
Date : 30/07/2016			

Cash Flow Statement For The Year Ended 31st March 2016		
Particulars	For the year ended	
	31.03.2016	31.03.2015
	Amount in Rs.	Amount in Rs.
A. Cash Flow From Operating Activities		
Profit/(Loss) Before Tax & Exceptional Items	(6,473,715)	(2,554,135)
Adjustments for:		
Add: Depreciation and Amortisation	519,501	
Operating Profit before working capital changes	(5,954,214)	(2,554,135)
Movements in working capital :		
Increase/ (decrease) in other long term liabilities	(866,578)	958,578
Increase/ (decrease) in Long term provision	309,211	
Increase/ (decrease) in other current liabilities	1,953,536	1,031,318
Increase/ (decrease) in Trade Payables	815,116	9,735
Decrease / (increase) in Inventories	(1,862,095)	(216,702)
Decrease / (increase) in long-term loans and advances	2,509,502	(3,397,751)
Decrease / (increase) in short-term loans and advances	1,391,147	(1,587,372)
Decrease / (increase) in other current assets	400,786	(431,228)
Decrease / (increase) in Trade Receivables	(18,151)	-
Decrease / (increase) in other non current assets	(452,000)	-
Net change in working capital	4,180,474	(3,633,421)
Cash generated from/(used in) operations	(1,773,740)	(6,187,556)
Direct Taxes Paid (net of Refund)		-
Cash generated from /(used in) from operating activities (A)	(1,773,740)	(6,187,556)
B. Cash Flow from Investing Activities		
Purchase of Fixed assets	(9,283,142)	(3,811,070)
Net cash flow from/(used in) investing activities (B)	(9,283,142)	(3,811,070)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share capital	4,401,040	16,700,230
Net cash flow from/(used in) financing activities (C)	4,401,040	16,700,230
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(6,655,842)	6,701,604
Cash & Cash Equivalents at the beginning of the year	6,707,204	5,600
Cash & Cash Equivalents at the end of the year (Note 12)	51,362	6,707,204
As per our report of even date attached For Krishnamoorthy & Krishnamoorthy Chartered Accountants (Firm Regn.No.001488S)		
For and on behalf of the Board of Directors		
Sd/- K T Mohanan Partner (M No.201484)	Sd/- Aju George Kurian Managing Director DIN 06738472	Sd/- Geetha George Director DIN 06738508
Place : Ernakulam Date : 30/07/2016		

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

Company Overview

Suits India Private Limited is a private company incorporated in India on 29, November 2013 to manufacture various kinds of suits, blazers, pants, shirts, and interlinings and distribute and sell the same. It is a 100% Export Oriented Unit.

1. Significant Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements of the Company are prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), on accrual basis under historical cost convention as a going concern. The Company has prepared these financial statements to comply with the requirements of mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013(Act) read with rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies adopted for the preparation of financial statements are consistent with those of the previous year except when newly issued accounting standards are initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use and when the statute mandate the change.

1.2 Use of Estimates

The preparation of financial statements require the management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (Including Contingent Liabilities) as on the date of financial statements and the reported Income and Expenses in the reporting period. The estimates and assumptions used in the financial statements are based upon the Managements evaluation of the relevant facts and circumstances as on the date of financial statements. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results may vary from these estimates.

1.3 Fixed assets

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation and impairment losses if any. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment losses, if any. Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.

1.4 Depreciation / Amortization

Depreciable amount for Tangible & Intangible Assets is the cost of the asset, or other amount substituted for the cost, less its estimated residual value.

Depreciation on tangible assets has been provided on the Straight-Line Method (SLM) by adopting the useful life prescribed as per Part C of Schedule II to the Companies Act, 2013 and retaining 5% of the original cost as residual value.

Cost of Software is treated as Intangible Assets and is amortized over a period of three years in accordance with Accounting Standard (AS) 26.

1.5 Revenue recognition

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefit will flow to the company.

1.6 Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

1.7 Inventories

Raw materials and components, finished goods and work in progress are valued at cost or net realizable value, whichever is lower.

1.8 Leases

Leases of assets, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

1.9 Employee benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the employee has rendered service.

The Company provides Gratuity benefit to all employees which is a defined benefit plan. This liability is unfunded and the company pays these benefits as and when the employee leaves the organization.

1.10 Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax expenses or benefit is recognized on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted by the balance sheet date. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

1.11 Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the

1.12 Cash Flow Statement

Cash Flows are reported using the Indirect Method, whereby net profit before tax is adjusted for the effect of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

2. Notes to accounts for the year ended March 31, 2016

2.1 Share Capital

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Authorized Capital 84,100 (2015:67,600) equity shares [Par value of ` 10 per share]	841,000	676,000
Issued, Subscribed and Paid Up 82,763 (2015:67,587) equity shares of ` 10 each	827,630	675,870
Total	827,630	675,870

Subsequent to March 31, 2015, the authorised equity share capital of the Company has been increased to 84,100 shares.

2.1.1 Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to shareholders approval in the ensuing Annual General Meeting.

2.1.2 Details of shareholders holding more than 5% shares in the Company.

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No: of shares	% held	No: of shares	% held
AJU GEORGE KURIAN	8,728	10.55%	7,600	11.24%
GEETHA GEORGE	2,155	2.60%	1,900	2.81%
CHERAMAN FINANCIAL SERVICES LIMITED	71,380	86.25%	57,587	85.20%

2.1.3 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year.

Equity shares.

Particulars	As at March 31, 2016		As at March 31, 2015	
	No: of shares	in Rs	No: of shares	in Rs
At the beginning of the period	67,587	675,870	10,000	100,000
Add: Shares issued during the period	15,176	151,760	57,587	575,870
Number of shares at the end of the period	82,763	827,630	67,587	675,870

2.2 Reserve and Surplus

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Securities Premium account		
Premium received on issues of shares	20,373,640	16,124,360
	20,373,640	16,124,360
Surplus / (Deficit)		
Opening Balance	(2,648,535)	(94,400)
Add: Net Profit/(Loss) after tax transferred from statement of Profit and Loss	(6,572,765)	(2,554,134.68)
Closing Balance	(9,221,300)	(2,648,534.98)
Total	11,152,340	13,475,825

2.3 Long-term borrowings

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
(a) Long term maturities of finance lease obligations; Secured: - Cheraman Financials Services Limited	-	958,578
(b) Loans and advances from related parties; Unsecured Loan from Director	92,000	
Total	92,000	958,578
Note: (a) The Company has taken on lease from M/s Cheraman Financial Services Limited, equipment worth Rs.15,03,501.81/-. The annualized cost to the Company is 15% and the lease term is 27 months from commencement of lease. The company has a moratorium of 11 months from the commencement of lease after which the lease rent to be paid in 6 quarterly installments of Rs.2,89,146.58/-. The asset will be transferred at minimum value being 10% of equipment cost at the end of the lease. The financial lease has been recognized as per AS 19.		
(b) The Company has taken interest free unsecured loan from Director on 29.03.2016 amounting to Rs. 2,30,000. The loan is repayable in 20 months equal installment. No penal interest is chargeable in case of default.		

2.4 Deferred Tax Liability (Net)

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
a) Deferred Tax Liability On excess of net book value over Income tax written down value of fixed assets	216,309.16	-
b) Deferred tax Asset On Provisions	95,546.25	-
On other disallowances	21,712.56	-
Total	99,050.35	-

2.5 Long Term Provisions

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Provision for Employee Benefit	309,211	-
Total	309,211	-

2.6 Trade payables

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Trade payables	824,851	9,735
Total	824,851	9,735

2.7 Other Current Liabilities

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
(a) Current maturities of long-term debt	138,000	
(b) Current maturities of finance lease obligation	1,084,405	544,929
(c) Other Payables		
i) Statutory Remittance	339,778	
ii) Payables for capital goods	-	88,941
iii) Advance received from Customers	47,676	-
iv) Amount due to employees	1,085,784	204,216
v) Expense Payable	289,212	193,232
Total	2,984,854	1,031,318

2.8 Fixed Assets and Capital Work-in-progress

Amount in Rs.

Particulars	Gross Block				Depreciation/impairment				Net Block	
	As at April 1, 2015	Additions / Adjustments during the year	Deletions / Retirement during the year	As at March 31, 2016	As at April 1, 2015	For the year	Deductions / Adjustments during the year	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
i. Tangible Assets										
Plant and Machinery		4,836,334	-	4,836,334	-	136,147		136,147	4,700,187	
Plant and Machinery under Lease		1,769,025		1,769,025		55,866	-	55,866	1,713,159	
Buildings										
Office building		746,711	-	746,711	-	11,765	-	11,765	734,946	
Factory building		1,885,447	-	1,885,447	-	54,432	-	54,432	1,831,015	
Electrical fittings		766,487	-	766,487	-	50,524	-	50,524	715,963	
Office Equipment		45,735		45,735		6,952		6,952	38,783	
Furniture		386,828	-	386,828	-	32,172	-	32,172	354,656	
Computer and Accessories		492,155	-	492,155	-	154,544	-	154,544	337,611	
				-				-	-	
Total Tangible Asset	-	10,928,722	-	10,928,722	-	502,401	-	502,401	10,426,321	-
ii. Intangible Assets										
Computer software		54,000	-	54,000	-	17,100	-	17,100	36,900	
Total Intangible Asset	-	54,000	-	54,000	-	17,100	-	17,100	36,900	-
iii. Capital work-in-progress	3,617,588.00	-	3,617,588.00	-	-	-	-	-	-	3,617,588.00
iv. Intangible asset under development (Refer Note 2.32)	193,482.00	1,918,007.50		2,111,489.50					2,111,490	
Total (i+ ii+ iii)	3,811,070.00	12,900,729.40	3,617,588.00	13,094,211.40	-	519,501.20	-	519,501.20	12,574,710.20	3,617,588.00
Previous Year		3,811,070.00	-	3,811,070.00	-	-	-	-	3,811,070.00	-

2.9 Long-term loans and advances

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Unsecured, considered good		
a) Capital Advances	510,666	3,122,415
b) Security and other Deposits	370,336	275,336
c) Income Tax Advance	7,247	
Total	888,249	3,397,751

2.10 Other Non-Current Assets

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Fixed Deposit with bank	452,000	-
Total	452,000	-

A fixed deposit of Rs 4,12,000 and Rs 40000 is held as security for bank guarantee issued in favor of The Central Excise and Customs and The Commercial Tax Department respectively

2.11 Inventories

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Raw-materials	1,548,786	210,651
Work In Progress	183,094	-
Finished Goods	153,074	-
Packing Materials and other consumables	193,844	6,051
Total	2,078,798	216,702

2.11.(a) Inventories are as taken valued and certified by the Management.

2.12 Trade receivables

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Unsecured, Considered Good		
(a) Outstanding for a period exceeding six months	-	-
(b) Others	18,151	-
Total	18,151	-

2.13 Cash And Cash Equivalents

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Balances with Bank	30,588	6,621,263
Cash-in- hand	20,774	85,941
Total	51,362	6,707,204

2.14 Short-term loans and advances

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Unsecured and considered good:		
Advances recoverable in cash or in kind or for value	196,225.00	765,247
Loans and advance to related party	-	822,125
Total	196,225	1,587,372

2.15 Other current Assets

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Interest accrued on FD	30442	
Rent advance	-	431,228
Total	30,442	431,228

2.20 Employee benefit expenses

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Salaries, Wages	4,940,115	1,393,305
Gratuity	309,211	
Staff Welfare	81,417	
Less: Salary apportioned to intangible assets under development	1,866,433	
Total	3,464,311	1,393,305

2.21 Finance costs

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Finance Cost - Lease	224,866	119,653
Total	224,866	119,653

2.22 Other expenses

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Consumption of Stores & Consumables	173,090.88	-
Power and fuel	474,333	13,710
Loading,Transportation and Other charges on products	116,311	-
Repairs and maintenance		
- Building	29,765.00	-
- Plant & Machinery	178,484.60	-
- Others	11,290.00	-
Rent	1,234,775	336,309
Rates, taxes and filing fee	52,350	87,927
Office general expense	253,740	309,524
Advertisement & Publicity Charges	135,429.00	6,000.00
Postage and Telephone charges	81,552	6,132
Discount and commission on sales	10,577	-
Donation and subscription	8,800	-
Insurance	1,824	-
Legal and professional fee	403,676	261,470
Payment to Auditor		
a) Statutory Audit Fee	30,000	2,000
b) Taxation Matters	-	-
Printing and stationary	57,913	2,565
Bank Charges	25,686	15,540
Total	3,279,597	1,041,177

2.23 Earnings Per Share

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Profit/(Loss) Attributable to Equity Share Holders	(6,572,765)	(2,554,135)
Weighted Average Number of Equity Share Outstanding (Nos)	73,615	38,104
Earnings Per Share	(89)	(67)

2.24 Assets taken on lease

Finance leases:

The following is a schedule of present value of future minimum lease payments under finance leases, together with the value of the minimum lease payments as at March 31, 2016.

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Present value of minimum lease payments		
Not later than one year	1,084,405	544,929
Later than one year and not later than five years	-	958,578
Total present value of minimum lease payments	1,084,405	1,503,508
Add: Amount representing interest	224,866	421,802
Total value of minimum lease payments	1,309,271	1,925,310

2.25 The Company is a small and Medium Sized Company (SMC) as defined in the Notification No.GSR 739 (E) dated 7th December, 2006, issued by the Central Government. Accordingly the company has complied with the Accounting Standard as applicable to a small and medium sized Company.

2.26 Related party disclosure

In accordance with the requirements of Accounting Standard (AS)-18 on "Related Party Disclosures" as prescribed by Companies (Accounting standards) Rules, 2006, the names of related parties where control exist and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are:

2.27.1 Name of related parties and description of relationship

Name of related parties	Description of
AJU GEORGE KURIAN	Managing director
GEETHA GEORGE	Director
CHERAMAN FINANCIAL SERVICES LIMITED	Holding Company

2.27.2 Details of related party transactions during the year ended 31st March, 2016

Name of Related Party	Nature of Transaction	As at 31.03.2016	As at 31.03.2015
		Rupees	Rupees
AJU GEORGE KURIAN	Subscription to Equity Share Capital	327,120	-
	Remuneration	1,800,000	989,953
GEETHA GEORGE	-Unsecured Long term loan given	230,000	-
	-Outstanding amount due at the end of the year	230,000	-
	Subscription to Equity Share Capital	73,950	-
	Remuneration	-	75,000
CHERAMAN FINANCIAL SERVICES LIMITED	Subscription to Equity Share Capital	3,999,970	16,700,230
	-Outstanding balance of lease facility at the beginning of the year	1,623,161	
	-Equipment Lease facility availed during the year	-	1,503,508
	-Finance Cost Payable For Equipment Leasing recognized during the year	224,866	119,653
	-Outstanding balance of lease facility at the end of the year	1,084,405	1,623,161

2.28. Particulars of Stock of Finished Goods

Product	Sales Rupees	Closing Stock		Closing Stock	
		2015 - 16		2014-15	
		Finished Goods	Work in Progress	Finished Goods	Work in Progress
Readymade size set	-	113,745.26		-	-
Sample Blazers	5,340.00	7,922.89		-	-
Sample Pant	-	1,319.77		-	-
Suits	328,915.36	20,449.92		-	-
Three piece suits	-	8,433.47		-	-
Jacket	304,538.00	1,203.03		-	-
Swatch Samples	-		183,093.97		

2.29. Breakup of materials consumption:

Particulars	2015 - 16	% of Consumption	2014-15	% of Consumption
Rawmaterials (Fabrics)			-	-
Imported	18,449.00	3%	-	-
Indigenous	579,481.00	97%	-	-
Total	597,930.00	100%	-	-
Packing Materials				
Indigenous	11,375.00	100%	-	-
Stores and Consumables				
Indigenous	71,884.00	100%	-	-

2.30 Component Accounting

The Management had made an effort to identify components having significant cost to the total cost of the asset and is having different useful life than that of the whole of the asset. Based on a technical evaluation no components having these characteristics had been identified, which is having a material impact on the measurement of depreciation.

2.31 The Company is having only few permanent employees in its rolls and the provision for long term employee benefits such as Gratuity in respect of these employees are made not based on actuarial valuation but has been provided considering the period of service. The Management is of the opinion that since there are only few permanent employees on the rolls of the Company, there will not be any material impact for the provision made without assessing the liability on actuarial basis.

2.32 The Company has purchased a software which is being modified to meet the requirement of the company to manufacture suits, blazers, pants, shirts etc for the Mapping Of 3 D Measurements, Drapping of Virtual Fabrics, designing and Manufacturing being the core technical competency of the company. The expenses incurred for the software along with additional man hours spend for its ongoing modification is being carried forward as design under development to be amortised over a period of 3 years after completion of development.

2.33 Earnings and Expenditure in Foreign Currency

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
(a) Earnings in Foreign Currency	119,589	-
(b) Expenditure in Foreign Currency		
Purchase of Equipment (Including advance payment)	1,276,709	2,127,415
Purchase of Components and Spare Parts	852,937	
Purchase of Raw-material	417,805	575,767
Total Expenditure in Foreign Currency	2,547,450	2,703,182

2.34 CIF Value of Imports

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
Capital Goods	1,276,709	961,768
Components and Spare Parts	852,937	
Raw Material	417,805	
	2,547,450	961,768

2.35 Contingent Liabilities, Commitments (to the extent not provided for)

Particulars	As at 31.03.2016	As at 31.03.2015
	Rupees	Rupees
a) Contingent Liabilities:		-
i) Claims against the company not acknowledged as debt:	-	-
- Claim by Commercial Tax authority against transportation of Diesel Generator without proper documents. The goods is released against Bank guarantee	40,000.00	-
- Bond given to Customs for warehousing of imported equipment meant for leasing	5,000,000	-
- Bond Executed for Advance DTA Sale with the President of India acting through Assistant Commissioner , Central Excise Ernakulam, Division I, Cochin, Kerala.	3,500,000	-
ii) Others	-	-
b) Commitments		

2.36 Amounts in the financial statements are presented in Rupees.

2.37 Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, no disclosures relating to amounts unpaid as at the year ended 31st March, 2016 together with interest paid /payable are required to be furnished.

2.38 Litigations: The Company is not subject to any legal proceedings and claims, which have arisen in the ordinary course of business.

2.39 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

2.40 The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

As per our report of even date attached

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(Firm Regn.No.001488S)

For and on behalf of the Board of Directors

Sd/-
K T Mohanan
Partner
(M No.201484)

Sd/-
Aju George Kurian
Managing Director
DIN 06738472

Sd/-
Geetha George
Director
DIN 06738508

Place : Ernakulam
Date : 30/07/2016

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CHERAMAN FINANCIAL SERVICES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Financial Statements of **Cheraman Financial Services Limited** (herein after referred to as “the Holding Company”) and its subsidiaries (together referred to as ‘The Group’), which comprise the Consolidated Balance Sheet as at 31st March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information(hereinafter referred to as “the consolidated financial statements”).

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the financial position, consolidated financial performance and consolidated cash flows of the Group 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 the Companies(Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the 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 there under.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group, as at 31st March, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the notes to the financial statement :

Note 38 in the consolidated financial statements which indicate that one of the subsidiary company have accumulated losses and its net worth has fully eroded, the company has incurred a net cash loss during the current and previous years, and the company's current liabilities exceeds its current assets as at the balance sheet date. These conditions along with other matters set forth in Note.38, indicate the existence of the material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the consolidated financial statements of the Group have been prepared considering this subsidiary company also, on a going concern basis for the reasons stated in the said note.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements:

1. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated Financial Statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the respective companies as on 31st March, 2016 and taken on record by the Board of Directors of such companies, none of the directors of the Group companies is disqualified as on 31st March, 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 Group and the operating effectiveness of such controls, refer to our separate report in “Annexure A”; and
 - g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note 36 to the consolidated financial statements.
 - ii) As mentioned in Note No.37 to the consolidated financial statements, the Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Place: Cochin – 16
Date: 13th August 2016

Sd/-
K T Mohanan
Partner (M No.201484)

**“ANNEXURE A” REFFERED TO IN PARAGRAPH 1 (f) UNDER THE HEADING
“REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR
INDEPENDENT AUDIT REPORT OF EVEN DATE ON THECONSOLIDATED
FINANCIAL STATEMENTS OF CHERAMAN FINANCIAL SERVICES LIMITED AND
IT’S THREE SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH 2016**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143
of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Cheraman Financial Services Limited (“the Holding Company”) and its subsidiary companies which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 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 Krishnamoorthy and Krishnamoorthy
Chartered Accountants
FRN: 001488S

Place: Cochin – 16
Date: 13th August 2016

Sd/-
K T Mohanan
Partner (M No.201484)

CHERAMAN FINANCIAL SERVICES LIMITED (Formerly known as Al-Barakah Financial Services Ltd) CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2016			
Particulars	Note No	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
<u>EQUITY AND LIABILITIES:</u>			
(1) Shareholder's Funds			
(a) Share Capital	2	288,000,000	233,500,000
(b) Reserves and Surplus	3	(108,225,816)	(95,313,112)
Minority Interest		1,646,686	2,093,849
(2) Non-Current Liabilities			
(a) Other Long Term Liabilities	4	10,519,706	926,088
(b) Deferred Tax Liabilities	5	99,050	-
(c) Long-Term Provisions	6	638,947	42,609
(3) Current Liabilities			
(a) Trade Payables	7	824,851	9,735
(b) Other Current Liabilities	8	5,477,102	3,779,473
(c) Short-Term Provisions	9	649,178	540,296
Total		199,629,704	145,578,938
<u>ASSETS:</u>			
(1) Non-Current Assets			
(a) Fixed Assets	10		
i) Tangible Assets		16,785,056	7,496,067
ii) Intangible Assets		54,934	94,010
iii) Capital Work in Progress		-	3,617,588
iv) Intangible Assets Under Development		49,359,892	32,108,879
Goodwill on Consolidation		2,578,931	2,466,152
(b) Long Term Loans and Advances	11	54,905,039	21,794,521
(c) Other Non Current Assets	12	452,000	-
(2) Current Assets			
(a) Inventories	13	2,078,798	216,702
(b) Trade Receivables	14	606,131	398,943
(c) Cash and Bank Balances	15	43,796,510	66,185,963
(d) Short-Term Loans and Advances	16	28,520,460	10,595,747
(e) Other Current Assets	17	491,953	604,366
Total		199,629,704	145,578,938
Significant Accounting Policies	1		
The accompanying notes form an integral part of the financial statements.			
As per our Report of even date			
For Krishnamoorthy & Krishnamoorthy	For and on behalf of the Board of Directors		
Chartered Accountants			
(Firm Regn.No.001488S)			
Sd/-	Sd/-	Sd/-	
K T Mohanan	APM Mohammed Hanish IAS	Mohammed Fayaz Salam	
Partner	Managing Director	Director	
(M No.201484)	DIN: 02504842	DIN:05279309	
	Sd/-	Sd/-	
	Meera C	Remesh Shenoi S	
	Company Secretary	Chief Financial Officer	
Place: Kochi	Place: Kochi		
Date: 13th August 2016	Date: 13th August 2016		

CHERAMAN FINANCIAL SERVICES LIMITED (Formerly known as Al-Barakah Financial Services Ltd) Consolidated Statement of Profit And Loss for the Year Ended 31st March 2016			
Particulars	Note No	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
I INCOME			
a) Revenue from Operations	18	7,486,279	1,010,338
b) Other Income	19	129,420	11,168
Total Revenue (a+b)		7,615,699	1,021,506
II EXPENSES			
a) Cost of Material Consumed	20	681,189	-
b) Changes in Inventories	21	(336,168)	-
c) Employee Benefit Expenses	22	10,172,135	10,069,126
d) Depreciation and Amortization Expenses	10	1,759,910	1,516,064
e) Other Expenses	23	9,113,301	8,582,897
Total Expenses (a+b+c)		21,390,366	20,168,087
III. Profit/(Loss) before exceptional and extraordinary items and tax (I -II)		(13,774,667)	(19,146,582)
IV. Exceptional Items	24	-	(1,612,135)
V. Profit/(Loss) Before Tax (III-IV)		(13,774,667)	(17,534,446)
VI. Tax Expense:			
a) Current Tax		-	-
b) Deferred Tax	5	99,050	-
VII. Profit/(Loss) After Tax (V-VI)		(13,873,717)	(17,534,446)
VIII. Minority Interest		(961,013)	(377,903)
IX. Profit/(Loss) attributable to Shareholders		(12,912,704)	(17,156,543)
X. Earning per Equity Share of Rs.10 each	25		
Basic & Diluted		(0.49)	(0.89)
Significant Accounting Policies 1 The accompanying notes form an integral part of the financial statements. As per our Report of even date For Krishnamoorthy & Krishnamoorthy For and on behalf of the Board of Directors Chartered Accountants (Firm Regn.No.001488S) Sd/- Sd/- Sd/- K T Mohanan APM Mohammed Hanish IAS Mohammed Fayaz Salam Partner Managing Director Director (M No.201484) DIN: 02504842 DIN: 05279309 Sd/- Sd/- Meera C Remesh Shenoi S Company Secretary Chief Financial Officer Place: Kochi Place: Kochi Date: 13th August 2016 Date: 13th August 2016			

CHERAMAN FINANCIAL SERVICES LIMITED
(Formerly known as Al-Barakah Financial Services Ltd)
Consolidated Cash Flow Statement For The Year Ended 31st March 2016

Particulars	2015-16	2014-15
	Amount (INR)	Amount (INR)
A. Cash Flow From Operating Activities		
Profit/(Loss) Before Tax & Exceptional Items	(13,774,667)	(19,146,582)
Adjustments for:		
Depreciation and Amortisation	1,759,910	1,516,064
Depreciation Reversal	(7,915)	
Interest Income	(38,863)	(4,618)
Loss Attributable to Minority Interest	961,013	377,903
Operating Profit before working capital changes	(11,100,522)	(17,257,233)
Movements in working capital :		
Increase/ (decrease) in Minority Interest	(447,162)	2,093,849
Increase/ (decrease) in other long term liabilities	9,593,618	(809,823)
Increase/ (decrease) in long term provisions	596,338	41,948
Increase/ (decrease) in Trade Payables	815,116	9,735
Increase/ (decrease) in other current liabilities	1,697,628	3,502,198
Increase/ (decrease) in short term provisions	108,882	(33,569)
Decrease / (increase) in Goodwill on Consolidation	(112,779)	(2,466,152)
Decrease / (increase) in long-term loans and advances	(33,110,519)	(20,884,677)
Decrease / (increase) in Non current Assets	(452,000)	337,928
Decrease / (increase) in Inventories	(1,862,096)	(216,702)
Decrease / (increase) in Trade Receivables	(207,188)	(398,943)
Decrease / (increase) in short-term loans and advances	(17,924,715)	(6,279,888)
Decrease / (increase) in other current assets	112,413	(602,067)
Net change in working capital	(41,192,463)	(25,706,162)
Cash generated from/(used in) operations	(52,292,985)	(42,963,395)
Direct Taxes Paid (net of Refund)	-	-
Cash generated from /(used in) from operating activities (A)	(52,292,985)	(42,963,395)
B. Cash Flow from Investing Activities		
Purchase of Fixed assets	(24,635,330)	(24,687,389)
Purchase of non current investments	-	-
Interest Received	38,863	4,618
Net cash flow from/(used in) investing activities (B)	(24,596,467)	(24,682,771)
C. Cash Flow from Financing Activities		
Proceeds from issue of Share capital	54,500,000	74,000,000
Net cash flow from/(used in) financing activities (C)	54,500,000	74,000,000
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(22,389,453)	6,353,834
Cash & Cash Equivalents at the beginning of the year	66,185,963	59,832,129
Cash & Cash Equivalents at the end of the year (Note 15)	43,796,510	66,185,963
As per our Report of even date		
<div style="display: flex; justify-content: space-between;"> <div> For Krishnamoorthy & Krishnamoorthy Chartered Accountants (Firm Regn.No.001488S) </div> <div> For and on behalf of the Board of Directors </div> </div>		
<div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="text-align: center;"> Sd/- K T Mohanan Partner (M No.201484) </div> <div style="text-align: center;"> Sd/- APM Mohammed Hanish IAS Managing Director DIN: 02504842 </div> <div style="text-align: center;"> Sd/- Mohammed Fayaz Salam Director DIN: 05279309 </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="text-align: center;"> Sd/- Meera C Company Secretary Place: Kochi Date: 13th August 2016 </div> <div style="text-align: center;"> Sd/- Remesh Shenoi S Chief Financial Officer Place: Kochi Date: 13th August 2016 </div> </div>		

NOTES TO CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

1 Significant Accounting Policies

1.1 Basis of Accounting

- a) The financial statements of the Parent Company & Subsidiaries are prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), on accrual basis under historical cost convention as a going concern. The Parent Company & Subsidiaries have prepared these financial statements to comply with the requirements of mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013(Act) read with rule 7 of the Companies (Accounts) Rules, 2014 along with applicable guidelines issued by Reserve Bank of India for NBFC-ND. The accounting policies adopted for the preparation of financial statements are consistent with those of the previous year except when a newly issued accounting standards is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use and when the statute mandate the change.
- b) As required by Schedule III of Companies Act, 2013, the Parent Company & subsidiaries have classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets and their realization in cash or cash equivalents. Since in case of non-banking financial company normal operating cycle is not applicable, the operating cycle for parent company has been considered as 12 months.

1.2 Principles of Consolidation

The Consolidated Financial Statement (CFS) of the Group has been prepared based on a line by-line consolidation of the Balance Sheet, as at March 31, 2016 and Statement of profit and loss and cash flows of the Parent Company and its Subsidiaries for the year ended March 31, 2016.

The financial statements of the Subsidiaries used for consolidation are drawn for the same reporting period as that of the Parent Company i.e. year ended March 31, 2016.

All material inter-company transactions and balances between the entities have been eliminated in the CFS

The CFS has been prepared using uniform accounting policies, except as stated otherwise, for similar transactions and are presented to the extent possible, in the same manner as the Parent Company's standalone financial statements.

The excess of cost to the parent Company of its investment in the subsidiary companies over its equity of the subsidiary companies, at the date on which the investment in the subsidiary companies are made, is recognized as Goodwill being an asset in the CFS.

Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment are made by the parent Company in the subsidiary companies and further movement in their share in the equity, subsequent to the date of investment as stated above.

1.3 Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires management of Parent Company & Subsidiaries to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period.

1.4 Revenue Recognition

Income from assets on finance included in revenue from operations as Annualised Cost to Customer represents income arrived at based on Internal Rate of Return method. Such income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable, except in the case of non-performing assets (NPA) where it is recognised upon realisation.

Upfront / processing fees collected from the customer for processing lease are primarily towards documentation charges. This is accounted as income when the amount becomes due provided recovery thereof is certain.

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer.

1.5 Tangible & Intangible Assets

Tangible & Intangible assets are stated at original cost of acquisition / installation net off accumulated depreciation, amortization and impairment losses. The cost of fixed assets includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition/installation.

1.6 Expenditure in Respect of Build Operate & Transfer Projects

Expenditure incurred in respect of Build, Operate & Transfer projects which does not represent company's own assets are classified as "BOT Project Expenditure" and shown under the head Intangible Assets.

1.7 Impairment of Tangible & Intangible Assets

At each Balance Sheet date, the company reviews the carrying amount of fixed assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the assets to their present value.

1.8 Depreciation of Tangible & Intangible Assets

Depreciable amount for Tangible & Intangible Assets is the cost of the asset, or other amount substituted for the cost, less its estimated residual value.

Depreciation on tangible assets has been provided on the Straight-Line Method (SLM) by adopting the useful life prescribed as per Part C of Schedule II to the Companies Act, 2013 and retaining 5% of the original cost as residual value, except for assets having value less than Rs.10,000/- which are depreciated at 100% in the year of purchase.

Cost of Software is treated as Intangible Assets and is amortised over a period of three years in accordance with Accounting Standard (AS) 26.

1.9 Investments

Investments intended to be held for not more than one year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non-Current investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

1.10 Finance Lease

As per para 26 of Accounting Standard (AS) -19 on Leases, the assets given under financial leases are recognised in the Balance Sheet as receivables at an amount equal to net investments in the leases. The finance charges earned are recognised periodically in the books of accounts and the principal component in the lease rentals is reduced from the receivables periodically. Even though, the lease transactions is deemed as sales under the KVAT Act and CST Act, the same is not disclosed as sales/purchase in the financial statements, following the principles as laid down in accounting Standard 19.

1.11 Provision for Standard/Non Performing Assets and Doubtful Debts

The Parent Company provides an allowance for Lease/Hire Purchase receivables based on the prudential norms issued by the RBI relating to income recognition, asset classification and provisioning for non-performing assets. Provision is calculated after considering the value of repossessed stock.

1.12 Preliminary Expenses

Preliminary/Preincorporation expenses incurred are written off to Statement of Profit & Loss in the year in which it is incurred in accordance with Accounting Standard 26 issued by ICAI.

1.13 Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the employee has rendered service.

The Parent Company & subsidiaries provides Gratuity/Leave Encashment benefit to all employees which is a defined benefit plan. This liability is unfunded and the company pays these benefits as and when the employee leaves the organization. Provision for the year is made on the assumption that this benefit is to be paid to all employees at the end of the accounting year.

1.14 Taxes on Income

Current Tax is provided and determined as the amount of tax payable in respect of taxable income for the period. Deferred Tax is provided and recognized on timing differences between taxable income and accounting income subject to consideration of prudence. Deferred tax is not recognized as assets on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

1.15 Provisions and Contingencies

A provision is recognised when the parent Company & subsidiaries have a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

1.16 Cash Flow Statement

Consolidated Cash Flows are reported using the Indirect Method, whereby net profit before tax is adjusted for the effect of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Notes to the Consolidated Financial Statement For The Year Ended 31st March 2016

2 Share Capital

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Authorised Capital 1,000,000,000 Equity Shares of Rs. 10/- each	10,000,000,000	10,000,000,000
Issued and Subscribed and Fully Paid Up 2,88,00,000 (2,33,50,000) Equity Shares of Rs. 10/- each fully paid up	288,000,000	233,500,000
	288,000,000	233,500,000

2.1 Terms/ Rights Attached to Equity Shares:

The parent company has only one class of equity shares having par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2 Reconciliation of Outstanding Shares:

Particulars	31st March 2016		31st March 2015	
	No of Shares	Amount (INR)	No of Shares	Amount (INR)
Opening as on 1st April	23,350,000	233,500,000	15,950,000	159,500,000
Add: Issued during the year	5,450,000	54,500,000	7,400,000	74,000,000
Closing as on 31st March	28,800,000	288,000,000	23,350,000	233,500,000

2.3 Details of Shareholders Holding more than 5% Shares of the parent Company:

Name of the Shareholder	No. of shares as on 31st March 2016	% of holding	No. of shares as on 31st March 2015	% of holding
Mr.Siddeek Ahmed Haji P	5,000,000.00	17.36%	5,000,000	21.41%
M/s KSIDC	3,100,000.00	10.76%	3,100,000	13.28%
Mr.C.K.Menon	3,000,000.00	10.42%	3,000,000	12.85%
Mr.Yusuffali M A	3,000,000.00	10.42%	3,000,000	12.85%
Mr. Abdulla poyil	3,000,000.00	10.42%	-	0.00%
Dr.P Mohamad Ali	2,200,000.00	7.64%	2,200,000	9.42%
Mr. Ashraf Ali MA	2,000,000.00	6.94%	2,000,000	8.57%
Mr.P A Ibrahim Haji	2,000,000.00	6.94%	2,000,000	8.57%

3 Reserves & Surplus

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
a) Profit & Loss Account		
Opening Balance	(95,313,112)	(78,156,569)
Add : Profit/(Loss) for the year	(12,912,704)	(17,156,543)
TOTAL	(108,225,816)	(95,313,112)

4 Other Long Term Liabilities

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
a) Others		
Security Deposit - Leasing	9,661,556	889,443
Rent Deposit	766,150	36,645
Loans & Advances from Related Parties:-		
Unsecured loan from Director	92,000	
TOTAL	10,519,706	926,088
Unsecured Loan represents interest free unsecured loan from a Director taken on 29.03.2016 amounting to Rs. 2,30,000. The loan is repayable in 20 months equal installment. No penal interest is chargeable in case of default.		

5 Deferred Tax Liability

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
a) Deffered Tax Liability		
On excess of net book value over Income tax written down value of fixed assets	216,309	-
b) Deffered tax Asset		
On Provisions	95,546	-
On other disallowances	21,713	-
TOTAL	99,050	-

6 Long Term Provisions

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
i) For Employee Benefit:		
Provision for Gratuity	507,096	-
ii) Contingent Provisions against Standard Assets	131,851	42,609
TOTAL	638,947	42,609

7 Trade Payables

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Trade Payables	824,851	9,735
TOTAL	824,851	9,735

8 Other Current Liabilities

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
a) Advance Received for Services to be rendered in relation to leasing	1,912,247	115,642
b) Payable for Capital Goods	-	88,941
c) Current Matutities of Long Term Debt	138,000	-
d) Other Payables:	-	-
i) Statutory Remittances	578,277	279,704
ii) Expenses Payable	1,734,318	850,384
iii) Retention Money	1,031,584	504,631
iv) Retention for Performance	-	1,770,171
v) Earnest Money Deposit	35,000	170,000
vi) Security Deposit - Leasing	-	-
vii) Advance Received from Customers	47,676	-
TOTAL	5,477,102	3,779,473

9 Short Term Provisions

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
i) For Employee Benefit:		
Provision for Gratuity	40,385	-
Provision for Leave Encashment	554,803	524,402
ii) Contingent Provisions against Standard Assets	53,990	15,894
TOTAL	649,178	540,296

11 Long Term Loans & Advances

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
(a) Capital Advances		
Unsecured, Considered Good	612,995	4,574,546
TOTAL (a)	612,995	4,574,546
(b) Security Deposits		
Unsecured, Considered Good	1,229,981	1,134,981
TOTAL (b)	1,229,981	1,134,981
(c) Income Tax Advance	321,406	-
TOTAL (c)	321,406	
(d) Others		
Secured, Considered Good		
i) Assets on Finance		
- To Related Party	-	-
- To Others	52,740,657	16,084,994
TOTAL (d)	52,740,657	16,084,994
TOTAL (a + b + c + d)	54,905,039	21,794,521

12 Other Non Current Assets

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Fixed Deposit With Bank	452,000	-
TOTAL	452,000	-

13 Inventories

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Materials acquired for manufacturing:		
Finished Goods	153,074	-
Work In Progress	183,094	-
Packing Materials	193,844	6,051
Raw-materials	1,548,786	210,651
TOTAL	2,078,798	216,702

14 Trade Receivables

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
(a) Outstanding for a period exceeding six months from the date they are due for payment	-	-
(b) Others		
Secured, Considered good	606,131	398,943
TOTAL	606,131	398,943

15 Cash & Bank Balances

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
Cash & Cash Equivalents		
i) Balance with Banks		-
- In Current Account	43,743,125	66,068,823
ii) Cash on Hand	53,385	117,140
TOTAL	43,796,510	66,185,963

16 Short Term Loans & Advances

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
(a) Loans and Advances to Related parties -		
Unsecured, Considered Good		
i) Cheraman Fund	1,083,344	-
(b) Loans & Advances	-	
Secured, Considered Good	-	
i) Assets on Finance	-	
- To Related Party	-	-
- To Others	20,637,345	5,696,183
Unsecured, Considered Good	-	
i) Advances recoverable in kind or for value to be received.	5,408,862	20,210
ii) Advance to Suppliers	-	765,247
iii) Other advances	3,000	3,340,027
iv) Cheraman Trust -Fund	1,387,910	
v) Indirect Tax Recoverable	-	774,080
TOTAL	28,520,460	10,595,747

17 Other Current Assets

Particulars	As at 31st March 2016 Amount (INR)	As at 31st March 2015 Amount (INR)
(a) Accruals		
(i) Interest Accrued on Deposits	41,179	4,618
(ii) Accrued Annualised Cost to Customer	450,774	168,520
(iii) Rent Advance	-	431,228
TOTAL	491,953	604,366

18 Revenue From Operations

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Revenue from Sale of Products:		
Interstate sales	1,735.00	-
Export sales	112,834.46	-
Domestic sales	1,138,840.90	-
	1,253,410.36	-
Revenue From sale of Services:-		
Annualised Cost to Customer	6,037,007	1,010,338
Processing Fee	195,862	-
TOTAL	7,486,278.86	1,010,338

19 Other Income

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Interest Received on IT Refund	1,621	-
Interest on Fixed Deposit	38,863	4,618
Foreign Exchange Gain	65,590	-
Miscellaneous Income	15,255	800
Excess Depreciation written back	7,915	-
Round Off	177	-
Tender Document Fee	-	5,750
TOTAL	129,420	11,168

20 Cost of Material Consumed

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Opening Stock	216,702	-
Add: Purchases	2,207,116	-
less: Closing Stock	1,742,629	-
TOTAL	681,189	-

21 Changes in Inventories

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Closing Stock		
Finished Goods	153,074	-
Work in Progress	183,094	-
Less:- Opening Stock	-	-
	(336,168)	-

22 Employee Benefit Expenses

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Salaries, Wages and Bonus	9,045,965	9,484,872
Contribution to Provident and other Funds	370,565	483,280
Staff Welfare Expenses	208,125	100,974
Gratuity	547,481	-
TOTAL	10,172,135	10,069,126

23 Other Expenses

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Legal and Professional Fees	2,359,004	3,275,893
Travelling Expenses	319,709	892,200
Rent	2,936,741	1,957,239
Office General Expenses	517,922	665,803
Electricity & Water Charges	890,476	348,998
Repairs and Maintenance	-	-
(a) Building	30,321	5,445
(b) Plant & Machinery	178,485	-
(c) Others	154,722	51,093
Annual Maintenance Contract	11,685	28,622
Generator Running Expense	6,608	5,042
Consumption of Stores & Consumables	173,091	-
Loading, Transportation and Other charges on products	116,311	-
Discount on Sales	10,577	-
Donation & Subscription	8,800	-
Rates, Taxes and Filing Fees	213,012	136,485
Security Charges	118,283	108,000
Printing and Stationery	92,155	45,213
Advertisement	135,429	6,000
Recruitment Expense	54,102	1,700
Insurance Charges	125,040	-
Fines & Penalties	962	-
Seminar & Conference Fee	-	42,124
Meeting Expense	164,083	343,745
Telephone Charges	216,956	170,985
Bank Charges	26,488	15,540
Project Advance Written Off	-	337,928
Provision Against Standard Assets	127,338	57,842
Payment to Auditor	-	-
a) Statutory Audit Fee	125,000	72,000
b) Taxation Matters	-	15,000
TOTAL	9,113,301	8,582,897

24 Exceptional Items

Exceptional Item Previous Year represents the effect of change in the method of depreciation for fixed assets by Parent Company & its Subsidiaries from written down value (WDV) method to straight line method (SLM). The Parent Company & Subsidiaries also revised the estimated useful life of its assets to align the useful life with those specified in Schedule II.

Consequent to this change, all assets are now being depreciated under SLM and an amount of Rs.16,12,135/-being the excess depreciation charged in prior years has been credited to the Statement of Profit & Loss. Had the Parent company & subsidiaries followed the earlier method, the charge to the Statement of Profit and Loss would have been Rs.21,86,668/-

25 Earnings Per Share

Particulars	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Profit/(Loss) Attributable to Equity Share Holders	(12,912,704)	(17,156,543)
Weighted Average Number of Equity Share Outstanding (Nos)	26,286,164	19,320,411
Earnings Per Share	(0.49)	(0.89)

26 The financial Statements of the following Subsidiaries have been consolidated as per Accounting Standard 21 on Consolidated Financial Statements:

Name of the Subsidiary	Country of incorporation	% of holding as on 31st March 2016	% of holding as on 31st March 2015
Cheraman Funds Management Ltd	India	100%	100%
Cheraman Infrastructure Private Ltd	India	100%	100%
Suits India Private Ltd	India	86.25%	85.20%

27 Information on Related Party Transactions as Required by Accounting Standard (AS) - 18 For The Year Ended 31st March 2016

27.1 Details of Related Parties

Description of Relationship	Names of Related Parties
Key Management Personnel - Holding Company	Mr. APM Mohamed Hanish IAS - Managing Director
Key Management Personnel - Subsidiaries	Mr.Aju George Kurian - Managing Director Suits India Pvt Ltd
Relatives of Key Management Personnel - Subsidiary Company	Mrs. Geetha George - Suits India Pvt Ltd
Persons having significant influence over the company	Mr.Siddeek Ahmed Haji P - Director Mr.Yusuffali M.A Mr.Ashrafali M.A - Director Mr.V.P.Shamsheer
Enterprises under control of persons having significant influence over the company and with whom transactions were carried out during the year	Eram Property Network Pvt Ltd

27.2 Details of related party transactions during the year ended 31st March, 2016

Name of Related Party	Nature of Transaction	For the Year Ended 31.03.2016 Amount (INR)	For the Year Ended 31.03.2015 Amount (INR)
Mr.Siddeek Ahmed Haji P - Director	Subscription to Equity Share Capital	-	10,000,000
Mr.Yusuffali M.A	Subscription to Equity Share Capital	-	10,000,000
Mr.Ashrafali M.A - Director	Subscription to Equity Share Capital	-	9,000,000
Mr.V.P.Shamsheer	Subscription to Equity Share Capital	-	10,000,000
Eram Property Network Pvt Ltd	Subscription to Equity Share Capital	10,000,000	
Mr.Aju George Kurian	Remuneration Paid	1,800,000	989,953
	Subscription to Equity Share Capital	327,120	-
Mrs.Geetha George	Unsecured Long term loan given	230,000	-
	Outstanding balance at the end of the year	230,000	-

28 Breakup of materials consumption:

Particulars	2015 - 16	% of Consumption	2014-15	% of Consumption
Rawmaterials (Fabrics)				
Imported	18,449.00	3%	-	-
Indigenous	579,481.00	97%	-	-
Total	597,930.00	100%	-	-
Packing Materials				
Indigenous	11,375.00	100%	-	-
Stores and Consumables				
Indigenous	71,884.00	100%	-	-

29 Particulars of Stock of Finished Goods:

Product	Sales Rupees	Closing Stock		Closing Stock
		2015-16		2014-15
		Finished Goods	WIP	Finished Goods & WIP
Readymade size set	-	113,745.26	-	-
Sample Blazers	5,340.00	7,922.89	-	-
Sample Pant	-	1,319.77	-	-
Suits	328,915.36	20,449.92	-	-
Three piece suits	-	8,433.47	-	-
Jacket	304,538.00	1,203.03	-	-
Swatch Samples	-	-	183,093.97	-

30 Pursuant to the Accounting Standard (AS-19) – Leases, the following information is given:

The Company has given certain assets on lease which effectively transferred substantially all of the risks and benefit incidental to the ownership.

The total gross investment in these leases and the present value of minimum lease payment receivable as on 31st March, 2016 is as under:

	As At 31.03.2016		
	Gross investment in Lease	Unearned Finance Income	Present Value of Receivables
i) Not later than one year	28,696,818	8,059,472	20,637,345
ii) Later than one year and not later than five years	60,268,682	7,528,025	52,740,657
iii) Later than five years	-	-	-
Total	88,965,500	15,587,497	73,378,002

	As At 31.03.2015		
	Gross investment in Lease	Unearned Finance Income	Present Value of Receivables
i) Not later than one year	8,286,969	2,590,785	5,696,183
ii) Later than one year and not later than five years	17,168,169	1,083,174	16,084,994
iii) Later than five years	-	-	-
Total	25,455,137	3,673,960	21,781,178

31 Earnings and Expenditure in Foreign Currency

Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	Amount (INR)	Amount (INR)
(a) Earnings in Foreign Currency	119,589	-
(b) Expenditure in Foreign Currency		
Purchase of Equipment for Leasing	31,679,041	14,999,039
Purchase of Equipment(Including advance payment)	1,276,709	2,127,415
Purchase of Components & Spares	852,937	-
Purchase of Raw-material	417,805	575,767
Travel Expenses	124,127	445,286
Total Expenditure in Foreign Currency	34,350,618	18,147,507

32 CIF Value of Imports

Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	Amount (INR)	Amount (INR)
Equipments for Leasing	31,679,041	14,999,039
Capital Goods	1,276,709	961,768
Components & Spareparts	852,937	-
Rawmaterial	417,805	-

33 Contingent Liabilities, Commitments (to the extent not provided for)

Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
	Amount (INR)	Amount (INR)
a) Contingent Liabilities:		
i) Claims against the company not acknowledged as debt		-
- Bond given to Commercial Taxes Department, Kerala on imported equipment meant for Hire purchase.	2,303,800	-
- Claim by Commercial Tax authority against transportation of Diesel Generator without proper documents. The goods is released against Bank guarantee	40,000	-
- Bond given to Customs for warehousing of imported equipment meant for leasing	5,000,000	5,000,000
- Bond Executed for Advance DTA Sale with the President of India acting through Assistant Commissioner , Central Excise Ernakulam, Division I, Cochin, Kerala.	3,500,000	-
b) Commitments		
Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for	1,706,000	12,400,000

34 Additional Information as required by Paragraph 2 of General Instruction for preparation of Consolidated Financial Statements to Schedule III to Companies Act, 2013

Name of the Entity	Net Assets ie total assets minus total liabilities		Share of Profit or Loss	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Net Assets	Amount
Parent:				
Cheraman Financial Services Ltd	90.27%	215,423,102	40.68%	(5,644,444)
Subsidiaries				
Indian				
Cheraman Funds Management Ltd	-1.30%	(3,093,488)	3.75%	(519,901)
Cheraman Infrastructure Private Ltd	6.01%	14,332,551	8.19%	(1,136,608)
Suits India Private Ltd	5.02%	11,979,970	47.38%	(6,572,765)

- 35** Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (MSMED)” Act, 2006”. Accordingly, no disclosures relating to amounts unpaid as at the year ended 31st March, 2016 together with interest paid /payable are required to be furnished
- 36** Litigation: The Parent Company & its Subsidiaries are subject to legal proceedings and claims, which have arisen in the ordinary course of business. The management of respective companies does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the respective company's results of operations.
- 37** The Parent Company & Subsidiaries did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 38** One of the Subsidiary company Cheraman Funds Management Ltd has accumulated loss and its net worth is fully eroded as on the balance sheet date. However, the business plan of the company is having future prospects and it is expected that the performance of the Company in the coming years will improve so as to wipe off the accumulated loss in near future. Further the Holding Company is having the ability to infuse sufficient funds. Therefore, the company is having the ability to continue as going concern as on the date of Balance Sheet.
- 39** The Parent Company & its subsidiaries are having only few employees and the provision for long term employee benefits such as Gratuity and Earned leave are made based on the assumption that such benefits are payable to all employees at the end of the year. The Management is of the opinion that since there are only few employees, there will not be any material impact for the provision made without assessing the liability on actuarial basis.

- 40 The Management had made an effort to identify components having significant cost to the total cost of the asset and is having different useful life than that of the whole of the asset. Based on a technical evaluation, no components having these characteristics had been identified, which is having a material impact on the measurement of depreciation.
- 41 One of the Subsidiary Company has purchased a software which is being modified to meet the requirement of the company to manufacture suits, blazers, pants, shirts etc for the Mapping Of 3 D Measurements, Drapping of Virtual Fabrics, designing and Manufacturing being the core technical competency of the company. The expenses incurred for the software alone with additional man hours spend for its ongoing modification is being carried forward as design under development to be amortised over a period of 3 years after completion of development.
- 42 Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

Signatures to Note 1 to 42 forming integral part of accounts.

As per our Report of even date

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants

(Firm Regn.No.001488S)

For and on behalf of the Board of Directors

Sd/-
K T Mohanan
Partner
(M No.201484)

Sd/-
APM Mohammed Hanish IAS
Managing Director
Din: 02504842

Sd/-
Mohammed Fayaz Salam
Director
Din: 05279309

Sd/-
Meera C
Company Secretary

Sd/-
Remesh Sheno S
Chief Financial Officer

Place: Kochi
Date: 13th August 2016

Place: Kochi
Date: 13th August 2016

10 Fixed Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 01.04.2015	Additions	Pursuant to Acquisition of Subsidiary	Deductions	As at 31.03.2016	As at 01.04.2015	Depreciation Reversal	For the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
A. Tangible Assets											
Building	542,462	2,632,158			3,174,620	32,372		83,864	116,235	3,058,385	510,090
Furniture & Fixture	4,658,630	386,828			5,045,458	986,479	(7,915)	496,072	1,474,636	3,570,822	3,672,151
Computers	697,355	498,640			1,195,995	507,063		290,281	797,343	398,652	190,292
Office Equipment	579,973	58,434			638,407	211,173		145,218	356,391	282,016	368,800
Plant & Machinery		6,605,359			6,605,359	-		192,013	192,013	6,413,346	-
Electrical Equipments	2,539,302	766,487			3,305,789	423,037		310,196	733,233	2,572,556	2,116,265
Vehicle	871,549				871,549	233,080		149,191	382,271	489,278	638,469
Total Tangible Assets (A)	9,889,271	10,947,906	-		20,837,177	2,393,202	(7,915)	1,666,833	4,052,124	16,785,056	7,496,067
B. Intangible Assets											
Computer Software	395,395	54,000		-	449,395	301,385		93,076	394,461	54,934	94,010
Total Intangible Assets (B)	395,395	54,000	-	-	449,395	301,385	-	93,076	394,461	54,934	94,010
C. Capital Work in Progress											
Capital Work in Progress	3,617,588			(3,617,588)	-	-		-	-	-	3,617,588
Total Capital Work in Progress (C)	3,617,588	-	-	(3,617,588)	-	-	-	-	-	-	3,617,588
D. Intangible Assets Under Development											
Intangible Assets Under Development	32,108,879	17,251,013			49,359,892	-		-	-	49,359,892	32,108,879
Total Intangible Assets Under Development (D)	32,108,879	17,251,013	-	-	49,359,892	-	-	-	-	49,359,892	32,108,879
Total (A+B+C+D)	46,011,133	28,252,918	-	(3,617,588)	70,646,463	2,694,587	(7,915)	1,759,910	4,446,585	66,199,882	43,316,544
Previous Year	21,323,744	20,876,319	3,811,070	-	46,011,133	2,790,660	(1,612,135)	1,516,064	2,694,589	43,316,544	18,533,083

FORM AOC-I : STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIALS STATEMENTS OF SUBSIDIARIES AND JOINT VENTURES. (PURSUANT TO FIRST PROVISIO TO SUB SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

PART "A": SUBSIDIARIES

1	Name of the Subsidiary	Cheraman Funds Management Ltd	Cheraman Infrastructure Private Ltd	Suits India Private Ltd
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A	N.A	N.A
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A	N.A	N.A
4	Share capital	17,500,000	21,600,000	827,630
5	Reserves & surplus	(20,593,488)	(7,267,449)	11,152,340
6	Total assets	1,947,854	52,678,204	16,289,936
7	Total Liabilities	5,041,342	38,345,653	4,309,966
8	Investments	-	-	-
9	Turnover	-	-	1,253,410
10	Profit before taxation	(519,901)	(1,136,608)	(6,473,715)
11	Provision for taxation	-	-	99,050
12	Profit after taxation	(519,901)	(1,136,608)	(6,572,765)
13	Proposed Dividend	-	-	-
14	% of shareholding	100%	100%	86.25%

Note

Names of subsidiaries which are yet to commence operations - Nil

Names of subsidiaries which have been liquidated or sold during the year - Nil

PART "B": Associates and Joint Ventures - Nil

1	Latest audited Balance Sheet Date	N.A
2	Shares of Associate/Joint Ventures held by the Company as at the year end:	N.A
	Number of shares	N.A
	Amount of Investment in Associate/Joint Venture	N.A
	Extend of Holding %	N.A
3	Description of how there is significant influence	N.A
4	Reason why the Associate/joint venture is not consolidated	N.A
5	Networth attributable to Shareholding as per latest audited Balance Sheet	N.A
6	Profit/(Loss) for the year	N.A
	i) Considered in Consolidation	N.A
	ii) Not Considered in Consolidation	N.A

Names of Associate/joint ventures which are yet to commence operations - NIL

Names of Associate/joint ventures which have been liquidated or sold during the year - NIL

For Krishnamoorthy & Krishnamoorthy

Chartered Accountants
(Firm Regn.No.001488S)

For and on behalf of the Board of Directors

Sd/-
K T Mohanan
Partner
(M No.201484)

Sd/-
APM Mohammed Hanish IAS
Managing Director
DIN: 02504842

Sd/-
Mohammed Fayaz Salam
Director
DIN:05279309

Place: Kochi
Date: 13th August 2016

Sd/-
Meera C
Company Secretary
Place: Kochi
Date: 13th August 2016

Sd/-
Remesh Shenoi S
Chief Financial Officer

**Form No. MGT-11
Proxy Form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the
Companies (Management and Administration) Rules, 2014]

Name of Company	Cheraman Financial Services Limited
CIN	U65923KL2009PLC025082
Registered Office	3/2337-E, 2nd Floor, "Chakiapadath Building", By pass Road, Ponnurunni, Vyttila, Ernakulam – 682019;

Name of the Member(s):	
Registered address:	
E-mail Id:	
Folio No.	

I/We, being the Member(s) of ☐.....☐shares of the above named Company, hereby appoint

Name of the Member(s):	
Registered address:	
E-mail Id:	
Signature	

Or failing him

Name of the Member(s):	
Registered address:	
E-mail Id:	
Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 6th Annual general meeting of the company, to be held on Friday, the 30th day of September , 2016 at 11 A M at the registered office of the Company at 3/2337-E, 2nd Floor, "Chakiapadath Building", By pass Road, Ponnurunni, Vyttila, Ernakulam – 682019 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
1	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2016 together with the Reports of the Board of Directors and Auditors thereon.
2	To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2016 together with the Report of the Auditors thereon.
3	To appoint a Director in place of Mr P Siddeek Ahmed Haji (DIN 02067488) and who retires by rotation and being eligible, offers himself for re-appointment.
4	To appoint a Director in place of Dr M Azad Moopen (DIN 00159403) who retires by rotation and being eligible, offers himself for re-appointment.
5	To appoint a Director in place of Mr. Ameer Ahmed (DIN: 00284273) who retires by rotation and being eligible, offers himself for re-appointment.
6	To appoint Auditors and fix their remuneration.
7	To Appoint Mr. C K Menon (DIN: 01955233) as Director
8	To appoint Mr Abdulla Poyil (DIN: 02111206) as Director
9	To re-appoint Mr. A P M Mohamedhanish I A S (DIN: 02504842) as Managing Director, for a period of five years with effect from 17th December 2016.

Signed this..... day of..... 2016

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



CIN: U65923KL2009PLC025082

33/2337-E, 2nd Floor, "Chakiapadath Building", By pass Road,
Ponnurunni, Vyttila, Ernakulam - 682019;
E mail- mail@cheraman.com; Website: www.cheraman.com

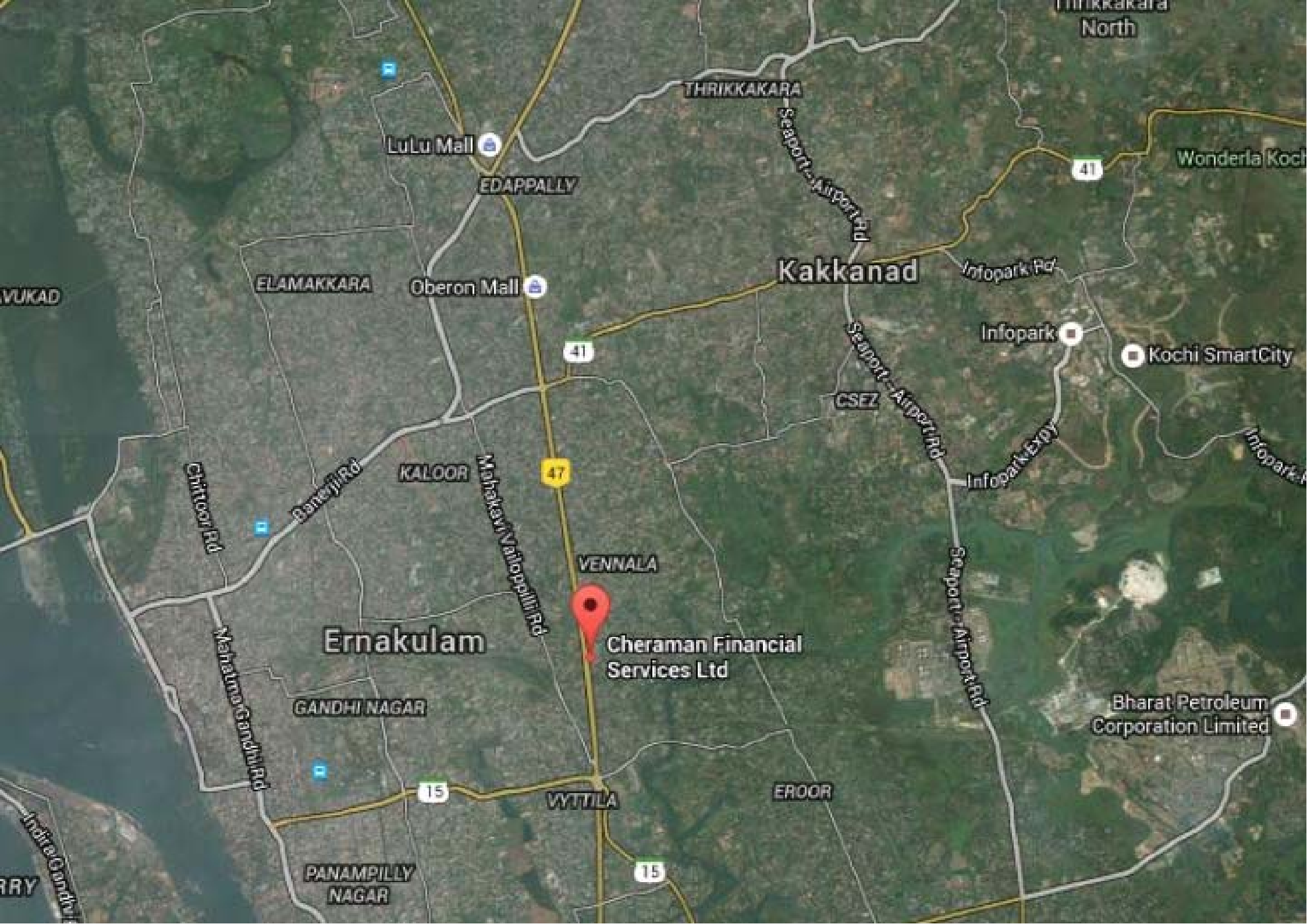
ATTENDANCE SLIP

Folio No: _____

I residing at
..... hereby record my presence at
the 6th Annual General Meeting of the Company held on Friday, the 30th day of
September , 2016 at 11 A M At the Registered Office of the Company at 33/2337-E, 2nd
Floor, "Chakiapadath Building", By pass Road, Ponnurunni, Vyttila, Ernakulam – 682019 .

Member's signature

NOTE: Please fill in this attendance slip and hand it over at the entrance of the meeting place:



Thrikkakara North

THRIKKAKARA

Lulu Mall

EDAPPALLY

41

Wonderla Kochi

Kakkanad

Infopark Rd

Oberon Mall

ELAMAKKARA

Infopark

Kochi SmartCity

41

CSEZ

Seaport - Airport Rd

Infopark Expy

Chittoor Rd

Banaj Rd

KALOOR

Mahakavi Vailoppilly Rd

47

VENNALA

Ernakulam

Cheraman Financial Services Ltd

Seaport - Airport Rd

Bharat Petroleum Corporation Limited

GANDHI NAGAR

EROOR

WTTILA

15

15

PANAMPILLY NAGAR

Indira Gandhi

RRY