

**NAGARJUNA CONSTRUCTION CO.
LTD. & PARTNERS L.L.C. - OMAN
FINANCIAL STATEMENTS
31 MARCH 2015**

H. C. Shah & Co.

Chartered Accountants



اتش. سی. شاہ و شرکاء KRESTON

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Ref: 7826

Date: 10 May 2015

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
NAGARIJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN**

Report on the Financial Statements

We have audited the the accompanying financial statements of NAGARIJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN, which comprise the balance sheet as at 31 MARCH 2015 and the profit and loss account, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 2 to 10.

Respective responsibilities of the Management and Auditors

The accompanying financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

Basis of opinion

We conducted our Audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the Audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.

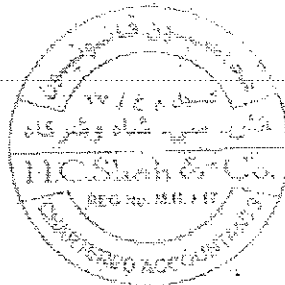
Opinion

Without qualifying our opinion, we draw attention to Note 1b on page 6 in these financial statements which more fully explains that the Company shall require continued financial support from its Members. These financial statements have been prepared on a going concern basis on the assumption that the Members of the Company will provide such financial support.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and the other notes thereon give a true and fair view of the financial position of NAGARIJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN as at 31 MARCH 2015 and the results of its operations, changes in its equity and cash flows for the period then ended in conformity with the accounting principles generally accepted in India.

For H. C. SHAH & CO.

CHARTERED ACCOUNTANTS.



NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

BALANCE SHEET AT 31 MARCH 2015

	NOTE	31-3-2015 R.O.	31-3-2014 R.O.
I. EQUITIES AND LIABILITIES			
MEMBERS' FUNDS			
Share Capital		150,000	150,000
Legal Reserve	2.	36,485	36,485
Accumulated (Loss)		(1,494,798)	(1,414,388)
		<u>(1,308,313)</u>	<u>(1,227,903)</u>
CURRENT LIABILITIES:			
Sundry Creditors	3.	28,523	27,323
Amounts Due to Related Parties		1,404,035	1,478,803
		<u>1,432,558</u>	<u>1,506,126</u>
TOTAL EQUITY AND LIABILITIES			
	R.O.	124,245	278,223
II. ASSETS			
NON CURRENT ASSETS			
Fixed Assets	4.	86,390	232,308
		<u>86,390</u>	<u>232,308</u>
CURRENT ASSETS			
Stocks	5.	955	955
Debtors	6.	1,800	11,800
Amounts Due From Related Parties		32,896	32,896
Bank Balances and Cash	7.	2,204	264
		<u>37,855</u>	<u>45,915</u>
TOTAL ASSETS			
	R.O.	124,245	278,223

The notes on pages 6 to 10 form part of these financial statements

Auditor

Authorised Signatory:



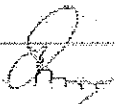
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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	NOTE	31-3-2015 R.O.	31-3-2014 R.O.
TURNOVER		--	--
COST OF TURNOVER		--	--
GROSS PROFIT / (LOSS)		--	--
OTHER INCOME	8.	42,799	138,273
		42,799	138,273
ADMINISTRATIVE AND GENERAL EXPENSES	9.	(1,230)	(2,380)
PROFIT FOR THE YEAR BEFORE FINANCE CHARGES		41,569	135,893
FINANCE CHARGES		(60)	(187)
PROFIT BEFORE DEPRECIATION		41,509	135,706
DEPRECIATION		(108,005)	(32,747)
NET (LOSS) / PROFIT FOR THE YEAR		(66,496)	102,958
TRANSFER TO LEGAL RESERVE		--	(10,296)
RETAINED PROFIT FOR THE YEAR		(66,496)	92,663
ACCUMULATED (LOSS) BROUGHT FORWARD		(1,414,388)	(1,507,951)
		(1,480,884)	(1,414,388)
ADJUSTMENT RELATED TO PRIOR YEAR DEPRECIATION		(13,914)	--
ACCUMULATED (LOSS) CARRIED FORWARD	R.O.	(1,494,798)	(1,414,388)
		=====	=====

The notes on pages 6 to 10 form part of these financial statements

Auditor:



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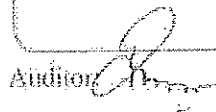
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share Capital R.O.	Legal Reserve R.O.	Accumulated Profit / (Loss) R.O.	Total R.O.
Year to 31 March 2014				
At 31 March 2013	150,000	26,189	(1,507,051)	(1,330,862)
Net Profit for the year	--	--	102,959	102,959
Transfer to Legal Reserve	--	10,296	(10,296)	--
	-----	-----	-----	-----
At 31 March 2014 R.O.	150,000	36,485	(1,414,388)	(1,227,903)
	=====	=====	=====	=====
Year to 31 March 2015				
At 31 March 2014	150,000	36,485	(1,414,388)	(1,227,903)
Net (Loss) for the year	--	--	(66,496)	(66,496)
Adjustment Related To Prior Year Depreciation	--	--	(13,914)	(13,914)
	-----	-----	-----	-----
At 31 March 2015 R.O.	150,000	36,485	(1,494,798)	(1,308,313)
	=====	=====	=====	=====

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STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2015

	31-3-2015 R.O.	31-3-2014 R.O.
1. Cash Flow from Operating Activities		
a) Net (Loss) / Profit for the year	(66,496)	102,959
Add: Non - Cash charges - Depreciation	108,005	32,747
Add: (Loss) on Sale of Property, Plant & Equipment	20,737	--
Net Changes due to Operating Profit	<u>62,246</u>	<u>135,706</u>
b) Changes in Working Capital		
(Increase) / Decrease in Debtors	10,000	400
(Decrease) / Increase in Creditors	1,200	(126,394)
Amount Due from / to Related Party (Net)	(74,768)	(10,238)
Net Changes in Working Capital	<u>(63,568)</u>	<u>(136,232)</u>
Net Cash Flow (used in) / from Operating Activities (A)	1a - 1b <u>(1,322)</u>	<u>(526)</u>
2. Cash Flow from Financing Activities		
a) Increase in Staff Benefits - Long Term	3,262	--
Net Cash (used in) / from Financing Activities (B)	2a <u>3,262</u>	<u>--</u>
Net Increase / (Decrease) in Cash and Cash equivalents (A+B)	1,940	(526)
Cash and Cash equivalents at the beginning of the year	264	790
Cash and Cash equivalents at the end of the year	R.O. <u>2,204</u>	<u>264</u>
COMPRISING OF:		
f. Bank Balances	<u>2,204</u>	<u>264</u>
	R.O. <u>2,204</u>	<u>264</u>

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2015 (CONTD.)

1a. GENERAL

Nagarjuna Construction Co. Ltd. & Partners L.L.C. - Oman is a Limited Liability Company with mixed ownership with C.R. No. 1/77675/4 registered under the Commercial Laws of the Sultanate of Oman. The Company is engaged in Construction and maintenance of roads, bridges, dams, building and tunnels, construction and maintenance of seaports, building constructions, electrical and mechanical constructions, electricity and water projects, etc.

1b. BASIS OF PREPARATION

At 31 March 2015, the Company had accumulated losses of R.O. 1,505,094/- and net liabilities of R.O. 1,308,313/-. These factors, amongst others, indicate that the Company shall require continued financial support from its Members. These financial statements have been prepared on the going concern basis on the assumption that the Members of the Company will continue to provide the necessary financial support.

The Company's Members have confirmed that they shall continue to support and provide the necessary financial assistance to the Company and on the strength of this assurance, these financial statements have been prepared on the going concern basis.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

1c. ACCOUNTING POLICIES:

The financial statements have been prepared on accrual basis under historical cost convention and in accordance with generally accepted accounting principles in India and the provisions of the Companies Act, 1956 and the applicable requirements of the Oman Commercial Companies Law. The principal accounting policies are summarised below:

(1) STOCKS:

Stocks are valued at the lower of cost and net realisable value with due allowance for slow-moving items. Cost is determined on the weighted average cost basis and includes expenditure incurred in acquiring the stocks and bringing them to their existing location and condition. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for the costs of realisation.

(2) DEBTORS:

Invoices made on credit are included in debtors at the balance sheet date at the amounts due, net of a provision for amounts estimated to be uncollectible.

(3) IMPAIRMENT

The carrying amounts of the Company's assets, other than stocks are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2015 (CONTD.)

(4) DEPRECIATION:

The cost of fixed assets is written off by equal annual installments over their expected useful lives as follows:

Plant & Machinery(Except Cranes)	9 to 12 years
Plant & Machinery(Cranes)	15 to 20 years
Office Vehicles	8 years
Construction Vehicles	8 to 9 years
Furniture & Fixtures *	10 years
Office Equipment *	3 to 6 years
Tools & Equipment	12 years
Construction Accessories	6 years

* As per Company's Policy, items with value below R.O. 42/- are written off fully in the year of purchase.

The Company has adopted the useful lives of fixed assets as specified in Part C of Schedule II of the Companies Act, 2013 ("Schedule II") effective April 1, 2014. Consequently the depreciation and amortization expenses for the year ended March 31, 2015 is higher by R.O. 76,891/-. The carrying value of the assets whose useful lives has expired as at April 1, 2014 aggregating to R.O. 13,914/-, has been adjusted against the reserves.

Particulars	RO
Depreciation as per Companies Act, 2013	108,005
Depreciation as per old method	31,114
Higher Depreciation charged for the year	76,891

(5) CREDITORS AND ACCRUALS:

Liabilities are recognised for amounts to be paid for goods and services rendered during the year ending 31 March 2015, whether or not billed to the company.

(6) BORROWING COSTS:

Borrowing costs are recognised as an expense in the period in which they are incurred.

(7) END OF SERVICE BENEFITS AND LEAVE ENTITLEMENTS:

Contributions to defined contribution retirement plan, for Omani employees in accordance with Oman Social Insurance Scheme, are recognised as expense in the profit and loss account as incurred. Provision for non - Omani employee end of service benefit is accrued in accordance with the terms of employment of the company's employees at the balance sheet date, having regard to the requirement of the Oman Labour Law 1973. Employee entitlements to annual leave are recognised when they accrue to employees and an accrual is made for the estimated liability for the annual leave as result of services by employees upto the balance sheet date.

NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2015 (CONTD.)

(8) FOREIGN CURRENCY:

Transactions in foreign currency are recorded at the rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All the differences are taken to the statement of loss at the exchange rates prevailing at the balance sheet date. Differences on exchange are dealt with in the profit and loss account as they arise.

(9) FINANCIAL INSTRUMENTS:

Exposure to interest rate, credit and currency risk arises in the normal course of the Company's business.

- a. Interest rate risk: The Company manages exposures to interest rate risk by ensuring that bank borrowings and term loans are on a fixed rate basis.
- b. Credit risk: Exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.
- c. Fair value: Financial instruments carried on the statement of financial position include bank and cash balances, debtors, creditors and borrowings. The fair value of financial assets and liabilities is not significantly different from the carrying book values.

(10) RELATED PARTY TRANSACTIONS:

The Company has entered into transactions with entities over which certain Directors are able to exercise significant influence. In the ordinary course of business, such related parties render services to the Company. The Company believes that the terms of provision of services are comparable with those that could be obtained from third parties.

(11) INCOME TAX:

The Company's assessments for the years 2011-12, 2012-13 and 2013-14 have not yet been finalised with the Department of Taxation Affairs at the Ministry of Finance.

(12) LEGAL RESERVE:

Article 106 of the Commercial Companies Law of 1974 requires that 10% of a Company's Net Profit be transferred to a non-distributable legal reserve until the amount of the legal reserve equals one-third of the Company's issued share capital.

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2015 (CONTD.)

	31-3-2015 R.O.	31-3-2014 R.O.
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2. LEGAL RESERVE

Balance at 31 March 2014	36,485	26,189
Add: Transferred from Profit & Loss Account	--	10,296
R.O.	36,485	36,485

3. CREDITORS

Sundry Creditors for Purchases	3,725	3,725
Sundry Creditors for Expenses	4,010	2,110
Sub-Contract Payables	--	--
Accrued Expenses	20,788	21,488
R.O.	28,523	27,323

4. FIXED ASSETS

	Plant & Machinery R.O.	Office Vehicles R.O.	Constr- uction: Vehicles & Fixtures R.O.	Furniture & Fixtures R.O.	Office Equip- ment R.O.	Tools & instruction Equip- ment R.O.	Access- ories R.O.	TOTAL R.O.
COST :								
At 31 March 2014	215,142	169,580	30,002	15,366	46,385	20,191	103,210	599,876
Cost of Disposals	(48,617)	--	--	--	--	--	--	(48,617)
At 31 March 2015	166,525	169,580	30,002	15,366	46,385	20,191	103,210	551,259
DEPRECIATION:								
At 31 March 2014	76,637	122,108	25,408	7,824	30,152	7,389	98,050	367,568
Adjustment Related To Prior Year Depreciation	--	--	--	--	13,914	--	--	13,914
Charge for the year Relating to Disposals	60,457 (24,618)	38,992	3,092	2,694	--	2,770	--	108,005 (24,618)
At 31 March 2015	112,476	161,100	28,500	10,518	44,066	10,159	98,050	464,869
NET BOOK VALUE								
AT 31 MARCH 2015 R.O.	54,049	8,480	1,502	4,848	2,319	10,032	5,160	86,390
AT 31 MARCH 2014 R.O.	138,505	47,472	4,594	7,542	16,233	12,802	5,160	232,308

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2015 (CONTD.)

	31-3-2015 R.O.	31-3-2014 R.O.
5. STOCKS		
Materials	60,357	60,357
Consumables	68	68
	<u>60,425</u>	<u>60,425</u>
Less: Provision for Slow-moving Stocks	(59,470)	(59,470)
	<u>955</u>	<u>955</u>
R.O.		
	<u>955</u>	<u>955</u>
6. DEBTORS		
Advances, Other Deposits & Receivables	1,800	11,800
	<u>1,800</u>	<u>11,800</u>
R.O.		
	<u>1,800</u>	<u>11,800</u>
7. BANK BALANCES AND CASH		
Bank Muscat - Current Accounts	2,204	264
	<u>2,204</u>	<u>264</u>
R.O.		
	<u>2,204</u>	<u>264</u>
8. OTHER INCOME		
(Loss) on Disposal of Fixed Assets	(20,737)	--
Miscellaneous Income	63,536	138,273
	<u>42,799</u>	<u>138,273</u>
R.O.		
	<u>42,799</u>	<u>138,273</u>
9. ADMINISTRATIVE AND GENERAL EXPENSES		
Establishment Expenses	1,230	1,900
Prior Year Expenses	--	480
	<u>1,230</u>	<u>2,380</u>
R.O.		
	<u>1,230</u>	<u>2,380</u>

10. PREVIOUS YEAR'S FIGURES

Previous year's figures have been regrouped wherever necessary to conform to current year's presentation.