

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DYNA FLOW TECHNOLOGIES INDIA PVT. LTD.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **DYNA FLOW TECHNOLOGIES INDIA PRIVATE LIMITED** ("the Company") which comprises the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of 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 relevant rules issued thereunder.

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 thereunder.

We conducted our audit of the standalone financial statements in accordance with 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 standalone 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's considers internal financial control relevant to the Company's preparation of the standalone 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 control 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 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, of the state of affairs of the Company as at 31 March 2017, and its loss and its Cash Flow for the year ended on that date.

Emphasis of Matters

- a) Note 14 in the financial statements which indicate that the company has accumulated losses and its net worth has been fully eroded, the company has incurred net cash loss during the previous years and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 14, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company has been prepared on a going concern basis for the reasons stated in the said Note.***

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 relevant rules issued thereunder.
 - e) On the basis of written representations received from the directors taken on record by the Board of Directors, none of the director is disqualified as on 31st March, 2017 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**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses for which provision was required to be made under the applicable law or accounting standard.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

- iv. The Company has provided requisite disclosures in its standalone financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedure and relying on management representations, the disclosures are in accordance with the books of accounts maintained by the Company. Refer Note 7 to the standalone financial statements.

For P. B. DESHPANDE & CO
Chartered Accountants
FRN - 102396W

Place- Kolhapur
Date – 01 September 2017

P. B. Deshpande
Partner
Membership No. : 036185

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 of our 'Report on Other Legal and Regulatory Requirement' on even date, we report that:

i. In respect of its fixed assets :

- (a) The Company has maintained proper 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, which in our opinion is reasonable having regard to the size of the company and nature of its business. All the fixed asset have been physically verified by the management during the year and no discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The Company does not have any immovable properties; hence clause (c) is not applicable.

ii. In respect of its inventories :

The Company does not have any inventory; hence the question of verification thereof does not arise. The reporting requirement under clause 3 (ii) (a), (b) & (c) of Companies (Auditor's Report) Order, 2016 are not applicable to the company.

- iii. In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured, to any company, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Hence clause 3 (iii) is not applicable to the company.
- iv. The company has not entered into any transaction which attracts the provisions of section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public, 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 Deposits) Rules, 2014 are not applicable to it. According to information and explanation given to us, no order has been passed against the company by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or nay other tribunal.
- vi. The maintenance of Cost Records pursuant to the Rules made by the Central Government under section 148 (1) of the Companies Act, 2013 are not applicable to the Company since the Company has not achieved threshold limit of turnover during the year.
- vii. a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company is regular in depositing TDS. The company does not have any liability under 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.

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- viii.** The Company did not have any dues payable to the financial institutions, bank or debenture holders that were outstanding at the end of year.
- ix.** According to the information and explanation given to us, the company has not raised any money by way of initial public offer, further public offer (including debt instruments) and the term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x.** According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi.** According to information and explanations given to us and based on our examination of the records, the Company has not engaged services of any managerial personnel and not paid/provided any remuneration to such personnel. Accordingly, provisions of Clause 3(xi) of the Order are not 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.** According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 188 and 177 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiv.** According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence the reporting under clause (xiv) of the order is not applicable to the company.
- xv.** According to the information and explanations given to us and based on our examination of the records, 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.
- xvi.** The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For P. B. DESHPANDE & CO
Chartered Accountants
FRN - 102396W

Place- Kolhapur
Date - 01 September 2017

P. B. Deshpande
Partner
Membership No. : 036185

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) of our 'Report on Other Legal & Regulatory Requirements' on even date)

Report on the Internal Financial Controls under Clause (I) of the Sub-Section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of Dyna Flow Technologies India Pvt Ltd ("the Company") as of 31 March 2017 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 controls over financial reporting criteria established by the Company considering the essential components of internal controls 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("the Act").

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 Act to the extent applicable to an audit of Internal Financial Controls and both applicable to an audit of Internal Financial Controls and both issued by the ICAI. 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 controls based on the assessed risk. 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.

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 control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial controls 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 controls 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 controls 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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For P. B. Deshpande & Co
Chartered Accountants
FRN- 102396W

Sd/-

P. B. Deshpande
Partner
Membership No. – 036185

Place – Kolhapur
Date – 01 September 2017