

Independent Auditor's Report

To the Board of Directors of Assurene Products Corporation

Report on the Financial Statements

1. We have audited the accompanying financial statements of Assurene Products Corporation ("the Company"), which comprise the Balance Sheet as at 1 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for 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 standards issued by the Institute of Chartered Accountants of India and other recognized accounting practices and policies generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and presentation 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 the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and other recognized accounting practices and policies generally accepted in India, of the state of affairs of the Company as at 1 March 2017, and its profit and its cash flows for the period ended on that date.

7. Emphasis of Matter

We draw attention to Note 1(i) to the financial statements regarding the management's decision to discontinue the business and consequent to it, liquidate the Company. Accordingly, the management has prepared the financial statements for the period ended 1 March 2017 on liquidation basis. Our opinion is not modified in respect of this matter.

Other Matter

8. These financial statements have been prepared by the management solely to assist Jai Corp Limited, the holding company of Assurene Products Corporation, to prepare its Consolidated financial statements. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for the aforesaid mentioned purpose, accordingly, should not to be used, circulated, quoted, or otherwise referred to for any other purpose without our prior written consent.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sudhir N. Pillai**
Partner
Membership No.: 105782
Place : Mumbai
Date : 15 March 2017

**ASSURENE PRODUCTS CORPORATION
BALANCE SHEET**

(Amount in USD)

Particulars	Note	As At	
		1 March 2017	31 March 2016
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
Share capital	2	5,000	5,000
Reserves and surplus	3	6,518	165,541
		11,518	170,541
2 Current Liabilities			
Trade payables	4	-	1,917,471
Other current liabilities	5	14,000	9,052
Short term provisions	6	19,267	50,849
		33,267	1,977,372
TOTAL		44,785	2,147,913
II. ASSETS			
1 Current Assets			
Inventories	7	-	885,478
Trade receivables	8	-	1,000,162
Cash and bank balances	9	43,497	257,077
Other Current Assets	10	1,288	5,196
		44,785	2,147,913
TOTAL		44,785	2,147,913
Notes to Financial Statements	1 to 21		

As per our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

Sudhir N. Pillai

Partner

Membership No: 105782

Suman Begani

Director

Pramod Jaiswal

Director

Place : Mumbai

Date : 15 MAR 2017

Place : New York

Date : 3/3/17

Place : New York

Date : 3/3/17

ASSURENE PRODUCTS CORPORATION
STATEMENT OF PROFIT AND LOSS

(Amount in USD)

Particulars	Note	Period 1 April 2016 to 1 March 2017	For the year ended 31 March 2016
I. Revenue:			
Revenue from operations	11	10,855,709	15,077,129
Other Income	12	27,540	17,683
Total revenue		10,883,249	15,094,812
II. Expenses:			
Purchase of traded goods	13	9,070,879	12,994,919
Changes in inventories of traded goods	14	885,478	1,075,177
Employee benefits expenses	15	592,721	783,684
Other expenses	16	80,986	88,758
Total expenses		10,630,064	14,942,538
III. Profit before tax (I-II)		253,185	152,274
IV. Tax expense:			
(i) Federal tax		73,514	37,388
(ii) State tax		22,444	13,461
		95,958	50,849
VII. Net profit (III-IV)		157,227	101,425
VIII. Earnings per Equity Share:			
Basic & Diluted	17	31.45	20.29
Notes to Financial Statements	1 to 21		

As per our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai

Partner

Membership No: 105782

Place : Mumbai

Date : 15 MAR 2017

For and on behalf of the Board of Directors

Suman Begani

Director

Place : New York

Date : 3/3/17

Pramod Jaiswal

Director

Place : New York

Date : 3/3/17

ASSURENE PRODUCTS CORPORATION
CASH FLOW STATEMENT

(Amount in USD)

Particulars	Period 1 April 2016 to 1 March 2017	For the Year Ended 31 March 2016
Cash flows from operating activities		
Profit before tax	253,185	152,274
Operating profit before working capital changes	253,185	152,274
Increase / (decrease) in current liabilities	4,948	(49,177)
Increase / (decrease) in trade payables	(1,917,471)	(1,296,449)
(Increase) / decrease in inventories	885,478	1,075,177
(Increase) / decrease in trade receivables	1,000,162	168,275
(Increase) / decrease in other current assets	3,908	(5,196)
Cash generated from operating activities	230,210	44,904
Income taxes paid	(127,540)	(22,921)
Net cash generated from operating activities	102,670	21,983
Cash flows from financing activities		
Payment of interim dividend to shareholder	(275,000)	-
Payment of tax on interim dividend	(41,250)	-
Net cash (used) in financing activities	(316,250)	-
Net increase in cash and cash equivalents	(213,580)	21,983
Cash and cash equivalents at the beginning of the period/ year	257,077	235,094
Cash and cash equivalents at the end of the period/ year	43,497	257,077

As per our report of even date

For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

Sudhir N. Pillai
Partner
Membership No: 105782

Suman Begani
Director

Pramod Jaiswal
Director

Place : Mumbai
Date : 15 MAR 2017

Place : New York
Date : 3/3/17

Place : New York
Date : 3/3/17

ASSURENE PRODUCTS CORPORATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Company Background

Assurene Products Corporation (the Company) is a Delaware incorporated corporation with headquarters at California. It is a wholly-owned subsidiary of Jai Corp Limited ('Parent Company') which is governed by the laws of India. The Company is primarily engaged in trading services i.e. purchase of industrial fabric/ geo textile manufactured by its parent entity in India and selling the same to its customer in the United States of America.

Note 1 - Significant Accounting Policies

i) Basis of Preparation of Financial Statements

The financial statements have been prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and other recognized accounting practices and policies generally accepted in India ("Indian GAAP").

Pursuant to the Parent Company's decision to curtail down the operations of its subsidiary in United States of America, the Board of Directors of the Company in their meeting held on 2 March 2017 has decided to liquidate the Company. Accordingly, liquidation basis of accounting has been adopted in preparation of these financial statements for the period 1 April 2016 to 01 March 2017. This basis of preparation differs from the going concern basis adopted during the previous year ended 31 March 2016. Under the liquidation basis of accounting, all assets and liabilities are measured at their net realizable values.

ii) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialized.

iii) Inventories

Inventories comprise of traded goods in transit for Sale. Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location.

iv) Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognized on delivery of goods to the customer, when significant risks and rewards of ownership have been transferred. Sales are net of returns, trade discounts and allowances. Accounts receivable are charged to bad debt expenses once they are deemed uncollectible based upon management's periodic review of the accounts.

Commission income on the sales made by third party is recognised when the risks and rewards of ownership are transferred to the ultimate customer.

v) Employee Benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the period in which the related service is rendered.

vi) Taxes on Income

Provision for tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the tax laws in the State of California and Federal tax in United States of America.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. A deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that it will be realized in future. In the case of unabsorbed depreciation and carry forward tax losses, deferred tax asset is recognised only if there is virtual/reasonable certainty supported by convincing evidence that it can be realised against future taxable profits. The carrying amount of deferred tax assets is reviewed at each balance sheet date for their appropriateness.

Deferred tax assets and deferred tax liabilities are offset if legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

ASSURENE PRODUCTS CORPORATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

vii) Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on the 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. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote. Contingent assets are neither recognized nor disclosed in the financial statements.

viii) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

ASSURENE PRODUCTS CORPORATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Note 2 - Share Capital

(Amount in USD)

Particulars	As at 1 March 2017	As at 31 March 2016
(a) <u>Authorised Shares</u>		
5,000 Equity shares of \$ 1 each fully paid up	5,000	5,000
	5,000	5,000
(b) <u>Issued, Subscribed and Fully Paid Up Shares</u>		
5,000 Equity shares of \$ 1 each fully paid up	5,000	5,000
	5,000	5,000

2.1 Reconciliation of Equity Share Capital

Particulars	As at 1 March 2017		As at 31 March 2016	
	(Number)	(Amount)	(Number)	(Amount)
Shares outstanding at the beginning of the period	5,000	5,000	5,000	5,000
Add : Issued during the period	-	-	-	-
Shares outstanding at the end of the period	5,000	5,000	5,000	5,000

2.2 Shareholders Holding More Than 5% of the Equity Shares

Name of Shareholder	As at 1 March 2017		As at 31 March 2016	
	(Number)	(% of Holding)	(Number)	(% of Holding)
Jai Corp Limited	5,000	100%	5,000	100%

2.3 Equity Shares Held by Holding Company

Particulars	As at 1 March 2017		As at 31 March 2016	
	(Number)	(Amount)	(Number)	(Amount)
Jai Corp Limited	5,000	5,000	5,000	5,000

2.4 Rights and Preferences

In the event of liquidation of the Company, the holder of Equity Shares will be entitled to receive any of the remaining assets of the Company.

ASSURENE PRODUCTS CORPORATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Note 3 - Reserves and Surplus

Particulars	(Amount in USD)	
	As at 1 March 2017	As at 31 March 2016
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year/ period	165,541	64,116
Add: Net profit for the year/ period	<u>157,227</u>	<u>101,425</u>
Amount available for Appropriations	322,768	165,541
Less: Appropriations		
Interim dividend on Equity shares (USD 55 per share)	(275,000)	-
Tax on interim dividend	<u>(41,250)</u>	<u>-</u>
	6,518	165,541
Total	<u><u>6,518</u></u>	<u><u>165,541</u></u>

Note 4 - Trade Payables

Particulars	(Amount in USD)	
	As at 1 March 2017	As at 31 March 2016
Payable for purchase of traded goods	-	1,917,471
Total	<u><u>-</u></u>	<u><u>1,917,471</u></u>

Note 5 - Other Current Liabilities

Particulars	(Amount in USD)	
	As at 1 March 2017	As at 31 March 2016
Others payable	14,000	9,052
Total	<u><u>14,000</u></u>	<u><u>9,052</u></u>

Note 6 - Short Term Provisions

Particulars	(Amount in USD)	
	As at 1 March 2017	As at 31 March 2016
Provision for taxation	19,267	50,849
Total	<u><u>19,267</u></u>	<u><u>50,849</u></u>

ASSURENE PRODUCTS CORPORATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
Note 7 - Inventories

(Amount in USD)

Particulars	As at 1 March 2017	As at 31 March 2016
Traded Goods (valued at lower of cost and net realisable value)		
Goods-in-Transit	-	885,478
Total	<u>-</u>	<u>885,478</u>

Note 8 - Trade Receivables

(Amount in USD)

Particulars	As at 1 March 2017	As at 31 March 2016
(Unsecured, Considered Good)		
Debts due for a period exceeding six months	-	-
Other debts	<u>-</u>	<u>1,000,162</u>
Total	<u>-</u>	<u>1,000,162</u>

Note 9 - Cash and Bank Balances

(Amount in USD)

Particulars	As at 1 March 2017	As at 31 March 2016
Cash and Cash Equivalents		
Cheques on hand	-	66,285
Balances with banks in current accounts	<u>43,497</u>	<u>190,792</u>
Total	<u>43,497</u>	<u>257,077</u>

Note 10 - Other Current Assets

(Amount in USD)

Particulars	As at 1 March 2017	As at 31 March 2016
Federal Tax Refundable	1,288	-
Other Receivables	-	5,196
TOTAL	<u>1,288</u>	<u>5,196.15</u>

ASSURENE PRODUCTS CORPORATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Note 11 - Revenues from Operations

Particulars	(Amount in USD)	
	Period 1 April 2016 to 1 March 2017	For the year ended 31 March 2016
Sale of traded goods	11,011,795	15,077,129
Less: Sales return	(156,086)	-
Revenue from Operations (Net)	<u>10,855,709</u>	<u>15,077,129</u>

Note 12 - Other Income

Particulars	(Amount in USD)	
	Period 1 April 2016 to 1 March 2017	For the year ended 31 March 2016
Commission Income	27,540	17,683
TOTAL	<u>27,540</u>	<u>17,682.60</u>

Note 13 - Purchase of traded goods

Particulars	(Amount in USD)	
	Period 1 April 2016 to 1 March 2017	For the year ended 31 March 2016
Purchase of traded goods	9,070,879	12,994,919
Total	<u>9,070,879</u>	<u>12,994,919</u>

Note 14 - Changes in Inventories of Traded Goods

Particulars	(Amount in USD)	
	Period 1 April 2016 to 1 March 2017	For the year ended 31 March 2016
Closing stock	-	885,478
	-	885,478
Opening stock	885,478	1,960,655
	885,478	1,960,655
Total	<u>885,478</u>	<u>1,075,177</u>

ASSURENE PRODUCTS CORPORATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
Note 15 - Employee Benefits Expenses

Particulars	(Amount in USD)	
	Period 1 April 2016 to 1 March 2017	For the year ended 31 March 2016
Salary, wages and allowances	583,625	764,751
Social security, medical and other taxes	9,096	18,933
Total	<u>592,721</u>	<u>783,684</u>

Note 16 - Other Expenses

Particulars	(Amount in USD)	
	Period 1 April 2016 to 1 March 2017	For the year ended 31 March 2016
Advertisement, publicity and sales promotion expenses	5,000	6,937
Payment to Auditors for audit fees	5,389	5,300
Legal, professional and consultancy charges	37,522	20,940
Travelling and conveyance	29,575	49,511
Other expenses	3,500	6,070
Total	<u>80,986</u>	<u>88,758</u>

Note 17 - Earnings Per Share

Particulars	(Amount in USD)	
	Period 1 April 2016 to 1 March 2017	For the year ended 31 March 2016
Net profit for the period	157,227	101,425
Number of equity shares outstanding during the period (in number)	5,000	5,000
Basic and Diluted Earnings Per Share	31.45	20.29
Face Value per Share	1.00	1.00

ASSURENE PRODUCTS CORPORATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Note 18 - Related Party Disclosure:

(i) List of related parties and relationship.

- (i) Holding Company: Jai Corp Limited
- (ii) Key Managerial Personnel ('KMP'): Mr. Anil Gupta

(ii) Transactions during the period 1 April 2016 to 1 March 2017 with related parties :

Nature of Transaction	(Amount in USD)		
	Holding Company	KMP	Total
Purchase of goods	9,070,879 (12,994,919)	- (-)	9,070,879 (12,994,919)
Payment of interim dividend	275,000 (-)	- (-)	275,000 (-)
Remuneration to KMP	- (-)	583,625 (7,64,751)	583,625 (7,64,751)
Commission on sales	27,540 (17,683)	- (-)	27,540 (17,683)

(iii) Balances Outstanding as at 1 March 2017

Particulars	(Amount in USD)		
	Holding Company	KMP	Total
Trade payable	- (19,17,471)	- (-)	- (19,17,471)
Commission receivable	- (5,196)	- (-)	- (5,196)

Note: Figures in bracket implies numbers as at or for the year ended 31 March 2016.

ASSURENE PRODUCTS CORPORATION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

Note 19 - CIF Value of Imports

Particulars	(Amount in USD)	
	Period 1 April 2016 to 1 March 2017	For the year ended 31 March 2016
Purchase of traded goods	9,070,879	12,994,919
	<u>9,070,879</u>	<u>12,994,919</u>

Note 20 - Segment Reporting

The main business of the Company is trading of industrial fabric/ geo textile. Further the Company is operating in a single geographical segment i.e. within United States of America. Accordingly, disclosures relating to primary and secondary business segments are not applicable to the Company.

Note 21 - Previous period Comparatives

- (i) The figures for the previous period are for a period of 12 months and hence cannot be effectively compared with the figures for the period ended 1 March 2017.
- (ii) The previous period figures have been regrouped/ reclassified wherever necessary to correspond with the current year's presentation.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors

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