ANNUAL AUDIT REPORT

Financial Year 2016-17 (A.Y. 2017-18)

INNOVATIVE IDEALS & SERVICES (I) PRIVATE LIMITED

AUDITED BY :-
A S B & ASSOCIATES
CHARTERED ACCOUNTANTS
ICAI FIRM REG. NO. 134676W

REPORT INSIGHTS:-

BOARD AND MANAGEMENT REPORTS:-

- COMPANY INFORMATION
- DIRECTOR'S REPORT

STANDALONE FINANCIAL STATEMENTS:-

- AUDITOR'S REPORT
- BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR PERIOD F.Y 2016-17
- NOTES TO ACCOUNTS
- LIST 1-3 OF NOTES TO ACCOUNTS

Registered Office:-	E/202, Skypark, Oshiwara Garden Road Off Ajit Glass Road,Goregaon Mumbai 400104, Maharashtra.
Bankers:-	1 AXIS BANK 2 BANK OF MAHARASTRA
Statutory Auditors:-	**A S B & ASSOCIATES,** CHARTERED ACCOUNTANTS ICAI FIRM REG. NO. 134676W

A S B & ASSOCIATES
CHARTERED ACCOUNTANTS

Office 1:- 216,Bigsplash, Sector-17, Navi Mumbai.

Office 2 :- 205, Veena Dalwai Ind. Estate, S.V.Road, Andheri (west)

Office 3 :- 14 Sunderji Chatrabhuj bldg Dadiseth Agiyary Lane, Marinelines.

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Independent Auditor's Report

To the Members of

Innovative Ideals and Services (India) Private Limited

Report on the Financial Statements

We have audited the accompanying (Standalone) financial statements of **Innovative Ideals and Services (India) Private Limited*("the Company")*** which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss for the year 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 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.

A S B & ASSOCIATES M. No. 145721 FRN: 136676W MUMBAI CHARTERED ACCOUNTANTS

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 - SA 540' and Sec 177 & 188 of Companies Act 1956 for related party disclosures, specified under Section 143(10) of the Act except the Balance confirmation letter have been sent to the vendors & customers and are awaited. 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 mis-statement 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 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 March 31, 2017, and its Profit/Loss and its Cash Flow for the year ended on that date.

ANDHERI VASHI MARINELINES

ASB & ASSOCIATES M. No. 145721 FRN: 134676W MUMBAI CHARTERED ACCOUNTANTS

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 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 Rule 7 of the Companies (Accounts) Rules,2014.

   e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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"**.

   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:

A S B & ASSOCIATES M. No. 145721 FRN: 134676W MUMBAI CHARTERED ACCOUNTANTS

e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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"**.

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 have pending litigations with Income tax Authority for A.Y 2009-10 & 2010-11 and the matter is subjudice yet not materially decided as on the date of audit report. Also the quantum of disputed tax demand is specified in Annexure A to this report.

ii. This F.Y company has adopted & followed new written off accounting policy for their outstanding Trade Payables.

For and on behalf of

ASB & Associates
Chartered Accountants
ICAI Firm Reg. No. 134676W

ASB & ASSOCIATES M. No. 145721 FRN: 134676W MUMBAI CHARTERED ACCOUNTANTS

Anand Kumar Lunkar
Partner
Membership number: 145721

Place: Mumbai

Date:08/08/2017

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31,2017:

1) (a) The Company has produced before us FIXED ASSETS REGISTER 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 program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

(c) The title deeds of immovable properties are held in the name of the company.

2) (a) The Company has not produced before us the documents pertaining to physical verification of inventory carried out by them nor we were present during physical verification of the same. As the closing stock valuation is accepted as certified by the management. Hence we are unable to comment on the same.

3) 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 Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the company office premises have been mortgaged against the working capital facility used by the company's Director's for commercial expediency. Hence the provisions of section 185 and I86 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security has not been complied with.

5) The Company has not accepted any deposits from the public 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.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

7) (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 has been generally irregular 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. According to the information and explanations given to us, are undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable is as follows:

MVAT payable A.Y. 2017-18 Rs.26,42,906/-
PF For Employer & Employee payable A.Y. 2017-18 Rs.9,00,713/-

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 except at ITAT Income tax dispute of Rs. 19.91 lacs A.Y. 2009-10 & A.Y 2010-11 Rs.36,45,590/-.*

8) In our opinion 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 financial institutions or from the government and has not issued any debentures.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised money's by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion ,all transactions with the related parties are adequately not so in in consonance in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as amount receivable from Sister concern under Trade Receivables as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) 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 clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of

ASB & Associates
Chartered Accountants
ICAI Firm Reg. No. 134676W

Anand Kumar Lunkar
Partner
Membership number: 145721

Place: Mumbai

Date:08/08/2017

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Innovative Ideals and Services (India) Private Limited

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 **Innovative Ideals and Services (India) Private Limited** ("the Company") as of March 31, 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 [for example, "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, includes 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 mis-statement 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 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 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 adequate internal financial controls system over financial reporting except on movement & record keeping of inventory & their respective valuation along with sales recording of transaction under books of accounts. The company does not have appropriate system manuals or predefined standard operation procedure to maintain the efficacy & effectiveness of the internal financial controls throughout the year. Thus, the company does not have formal internal control over financial reporting based on our verification & vouching of the books of accounts.

For and on behalf of

ASB & Associates
Chartered Accountants
ICAI Firm Reg. No. 134676W

Anand Kumar Lunkar
Partner
Membership number: 145721

Place: Mumbai

Date:08/08/2017

INNOVATIVE IDEALS & SERVICES (I) PRIVATE LIMITED

Balance Sheet as on 31st March, 2017

Amount In (Rs.)

Particulars	Notes	As on 31st March, 2017	As on 31st March, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	30,000,000	24,000,000
(b) Reserves and Surplus	3	29,724,706	13,066,630
(c) Money received against share warrants		-	
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	48,243,235	47,741,287
(b) Deferred tax liabilities (Net)	5	431,489	467,492
(c) Other Long term liabilities	6	74,715,539	96,468,707
(d) Long term provisions			
(4) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	7	17,339,661	6,603,252
(c) Other current liabilities	8	14,253,454	11,250,669
(d) Short-term provisions	9	10,081,504	77,350
Total Equity and Liabilities		**224,789,588**	**199,675,388**
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	4,281,539	4,620,663
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	11	232,812	232,812
(e) Other non-current assets	12	130,114,183	77,899,876
(2) Current assets			
(a) Current investments		-	-
(b) Inventories [As Certified by Directors]	19	72,593,272	68,992,143
(c) Trade receivables	13	15,523,463	45,724,032
(d) Cash and Bank Balances	14	579,441	1,577,475
(e) Short-term loans and advances	15	1,464,877	628,387
(f) Other current assets		-	-
Total Assets		**224,789,588**	**199,675,388**

A S B & ASSOCIATES
Chartered Accountants
ICAI Firm Reg. No.:- 134676W

(ANAND LUNKER, M.No.145721)
Partner
Place : Mumbai
Dated :- 08/08/2017

A S B & ASSOCIATES * M. No. 145721 FRN: 134676W * MUMBAI * CHARTERED ACCOUNTANTS *

For and on behalf of the board ,
For INNOVATIVE IDEALS & SERVICES (I) PRIVATE LIMITED

Director
DIN No. 00834754

INNOVATIVE IDEALS & SERVICES (I) PVT. LTD. * INNOVATIVE *

Managing Director
DIN No. 00834590

INNOVATIVE IDEALS & SERVICES (I) PRIVATE LIMITED

Profit and Loss statement for the year ended 31st March, 2017

Amount In (Rs.)

Particulars	Notes	As on 31st March, 2017	As on 31st March, 2016
I. Revenue from operations	16	106,578,761	121,372,731
II. Other Income	17	18,908,367	552,221
III. Total Revenue (I +II)		**125,487,128**	**121,924,952**
IV. Expenses:			
Purchase of Trading goods	18	77,012,187	114,593,526
Changes in inventories of finished goods.	19	(3,601,129)	(15,633,557)
Employee benefit expense	20	9,165,280	11,478,391
Financial costs	21	7,339,376	6,755,151
Depreciation and amortization expense	10	339,124	401,126
Other expenses	22	2,606,063	4,079,989
Total Expenses		**92,860,901**	**121,674,626**
V. Profit before exceptional and extraordinary items and tax	(III - IV)	**32,626,227**	**250,326**
VI. Exceptional Items		-	-
VII. Profit before exceptional items		**32,626,227**	**250,326**
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		**32,626,227**	**250,326**
X. Tax expense:			
(1) Current tax		10,081,504	77,350
(2) Deferred tax Asset / Liability		36,003	9,618
XI. Profit(Loss) from the continuing operations		**22,580,726**	**163,358**
- Excess Provision Written Back		-	-
XV. Profit/(Loss) for the period (XI + XIV)		**22,580,726**	**163,358**
XVI. Earning per equity share of Rs.10/-each:			
(1) Basic		7.53	0.01
(2) Diluted		-	-

A S B & ASSOCIATES
Chartered Accountants
ICAI Firm Reg. No.:- 134676W

(ANAND LUNKER, M.No.145721)
Partner

Place : Mumbai
Dated :- 08/08/2017

A S B & ASSOCIATES * M. No. 145721 FRN: 134676W * MUMBAI * CHARTERED ACCOUNTANTS

For and on behalf of the board ,
For INNOVATIVE IDEALS & SERVICES (I) PRIVATE LIMITED

INNOVATIVE IDEALS & SERVICES (I) P. LTD.

Director
DIN No. 00834754

Managing Director
DIN No. 00834590

INNOVATIVE IDEALS SERVICES (I) PRIVATE LIMITED

Notes forming part of the Financial Statements:-

Note 2:- SHARE CAPITAL

Note 2(i) **Authorised, Issued,Subscribed and Paid Up Share Capital:-**

Share Capital	As on 31 March 2017		As on 31 March 2016	
	Number	Amount (Rs)	Number	Amount (Rs)
Authorised				
Equity Shares of Rs. 10 each	30,00,000	3,00,00,000	30,00,000	30000000
Issued				
Equity Shares of Rs. 10 each	30,00,000	3,00,00,000	24,00,000	24000000
Subscribed & fully Paid up				
Equity Shares of Rs. 10 each fully paid	30,00,000	3,00,00,000	24,00,000	24000000

Note 2 (ii) **Reconcilation of the number of Equity Shares Outstanding:-**

Particulars	Equity Shares			
	As on 31 March 2017		As on 31 March 2016	
	Number	Amount (Rs)	Number	Amount (Rs)
Shares outstanding at the beginning of the year	24,00,000	2,40,00,000	24,00,000	2,40,00,000
Shares Issued during the year	6,00,000	60,00,000	-	-
Shares bought back during the year	-	-	-	-
Any other movement (please specify)	-	-		
Shares outstanding at the end of the year	30,00,000	3,00,00,000	24,00,000	2,40,00,000

Note 2(iii) **Shareholders holding more than 5% Equity Shares of the Company:-**

Name of Shareholder	Equity Shares			
	As on 31 March 2017		As on 31 March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Maqsood Shaikh	13,51,815	46.16%	10,81,460	46.16%
Tazyeen Shaikh	10,47,625	35.77%	8,38,100	35.77%
Iram Shaikh	2,93,425	10.02%	2,34,740	10.02%
Ibad Shaikh	2,35,875	8.05%	1,88,700	8.05%
TOTAL	29,28,740		23,43,000	

ASB & ASSOCIATES * CHARTERED ACCOUNTANTS * M. No. 145721 FRN: 134676W MUMBAI

INNOVATIVE IDEALS & SERVICES (I) P. LTD.

INNOVATIVE IDEALS SERVICES (I) PRIVATE LIMITED

Notes forming part of the Financial Statements:-

Note 3 **Reserve & Surplus:-**

Reserves & Surplus	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Opening Reserve & Surplus	1,30,66,630	2,54,76,346
(+) Net Profit For the current year	2,25,80,726	1,63,358
(-) Capitalization of Reserves	(60,00,000)	(1,20,00,000)
(+) Adjustment of Previous Provision for Tax written back	77,350	(5,73,074)
TOTAL	**2,97,24,705.83**	**1,30,66,630**

Note 4

Long Term Borrowings	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Long Term Borrowings		
Secured		
Working capital funds from bank repayable on demand	4,50,43,235	4,55,41,287
Unsecured loans from Shareholder		
Edward Bosco James	32,00,000	22,00,000
TOTAL	**4,82,43,235**	**4,77,41,287**

A S B & ASSOCIATES CHARTERED ACCOUNTANTS M. No. 145721 FRN: 134676W MUMBAI

INNOVATIVE IDEALS & SERVICES (I) P. LTD. INNOVATIVE

INNOVATIVE IDEALS SERVICES (I) PRIVATE LIMITED

Notes forming part of the Financial Statements:-

Note 5

Deffered Tax Asset/Liability	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Opening Balance	4,67,492	4,67,492
Less :- Deffered Tax Liability (Assets) (Refer Schedule List No. 3)	36,003	-
Closing Balance	4,31,489	4,67,492

Note 6

Other Long term liabilities	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Keystone Realtors Pvt. Ltd.	4,11,113	
Advance against creditors	2,29,251	-
Kocom Co. Ltd(Import)	3,75,28,098	5,51,37,246
Concept & Design	3,32,64,805	3,93,31,462
Innovative Solutions	12,82,273	
Arihant Superstructures Ltd. (Adita Jodhpur - FTTH)	20,00,000	20,00,000
Closing Balance	7,47,15,539	9,64,68,707

Note : **Other long term liabilities includes contingent liabilities under which "Keystone Realtors Pvt Ltd" and "Advance against creditors" for which the company has given the bank gurantee towards these Customers (Refer Note to Accounts Item No. 13)**

Note 7 **Trade Payables :-**

Trade Payables	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Trade Payables (Refer Schedule List 1)	1,73,39,661	66,03,252
Total	1,73,39,661	66,03,252

Note 8 **Other Current Liabilities:-**

Other Current Liabilities	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Other Payables:- (Refer Schedule List 2)		
For expenses [As Per list 2(i)]	1,05,20,664	88,26,656
For Statutory dues [As Per List 2(ii)]	37,32,790	24,24,013
Total	1,42,53,454	1,12,50,669

Note 9

Short Term Provisions	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Provision for Income Tax A.Y. 2017-18	1,00,81,504	77,350
		-
Closing Balance	1,00,81,504	77,350

INNOVATIVE IDEALS SERVICES (I) PRIVATE LIMITED

Notes forming part of the Financial Statements:- **As Per Companies Act 2013**

Note 10:- FIXED ASSETS:-

	Fixed Assets	Gross Block				RATE	Accumulated Depreciation				Net Block	
		Balance as on 1 April 2016	Additions	Disposals	Balance on at 31 March 2017		Balance as on 1 April 2016	Depreciation charge for the year	On disposals	Balance as on 31 March 2017	Balance as on 31 March 2017	Balance as on 31 March 2016
		Amount (Rs)	Amount (Rs)	Amount (Rs)	Amount (Rs)		Amount (Rs)	Amount (Rs)	Amount (Rs)	Amount (Rs)	Amount (Rs)	Amount (Rs)
a	**Tangible Assets (Not Under Lease)**											
	Land & Building											
	Office Premises	64,91,700	-	-	64,91,700	4.87%	23,97,821	1,99,372	-	25,97,193	38,94,507	40,93,879
	Plant and Equipment -											
	Plant & Machinery	4,194	-	-	4,194	18.10%	3,544	118	-	3,662	532	650
	Furniture and Fixtures -	12,47,716	-	-	12,47,716	25.89%	10,08,364	61,968	-	10,70,332	1,77,384	2,39,352
	Office Equipment -	10,22,392	-	-	10,22,392	25.89%	7,61,110	67,645	-	8,28,755	1,93,637	2,61,282
	Computer -											
	Computer	10,86,109	-	-	10,86,109	39.30%	10,62,347	9,338	-	10,71,685	14,424	23,762
	Printer	98,904	-	-	98,904	39.30%	97,166	683	-	97,849	1,055	1,738
	Total (i) Current Year	**99,51,015**	-	-	**99,51,015**		**53,30,352**	**3,39,124**	-	**56,69,476**	**42,81,539**	**46,20,663**

INNOVATIVE IDEALS SERVICES (I) PVT. LTD.

ASB & ASSOCIATES
M. No. 145721
FRN: 134676W
MUMBAI
CHARTERED ACCOUNTANTS

Notes forming part of the Financial Statements:-

Note 11 Long Term Loans and Advances:-

Long Term Loans and Advances	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Security Deposits :		
Tender security deposit	18,412	18,412
Other advances for services to be received	2,00,000	2,00,000
Security deposit	14,400	14,400
Total	**2,32,812**	**2,32,812**

Note 12 Other Non-current Assets

Other Non-Current Assets	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Sundry debtors including outstanding exceeding a period of 12 months, unsecured considered good		
Debtors - At Branch Mumbai	3,28,36,351	4,43,28,005
Debtors Recievable from Sister Concern :		
Inovative Solutions	8,85,38,143	3,10,90,550
Concepts & Design	87,39,689	24,81,321
Total	**13,01,14,183**	**7,78,99,876**

A S B & ASSOCIATES * CHARTERED ACCOUNTANTS * M. No. 145721 FRN: 134676W MUMBAI

INNOVATIVE IDEALS & SERVICES (I) P. LTD. INNOVATIVE

INNOVATIVE IDEALS SERVICES (I) PRIVATE LIMITED

Notes forming part of the Financial Statements:-

Note 13:- Trade Receivables:-

Trade Receivables	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Sundry debtors (including outstanding within a period of twelve months, unsecured considered good)		
At Mumbai Head Office	1,54,28,449	4,57,24,032
At Branch Goa	95,014	-
TOTAL	**1,55,23,463**	**4,57,24,032**

Note 14:- Cash and bank Balances:-

Cash and Bank Balances	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
A. Cash and Cash Equivalent		
Cash In hand	25,388	34,524
Cash In hand (At Branch Goa)	5,281	-
Balances with AXIS BANK	2,438	3,758
Balance with BANK OF MAHARASTRA (Refer Note A1 for reconcilation statements)	(53,666)	6,89,193
Term deposit	6,00,000	7,50,000
Recurring deposit	-	1,00,000
TOTAL (a+b)	**5,79,441**	**15,77,475**

Note 15:- Short Term Loans and Advances:-

Short-term loans and advances	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
A. Others :-		
Advance paid to creditors	6,63,079	-
Tds Receivable F Y 2015-16	1,00,065	72,213
Tds Receivable F Y 2016-17	33,559	-
Advance tax F.Y 2015-16	5,00,000	5,00,000
WCT Contract	56,174	56,174
Appeal Fees A.Y 2010-11	1,000	-
Regular Tax Assessement A.Y 2009-10	10,000	-
Regular Tax Assessement A.Y 2010-11	1,01,000	-
Total	**14,64,877**	**6,28,387**

A S B & ASSOCIATES M. No. 145721 FRN: 134678W MUMBAI CHARTERED ACCOUNTANTS

INNOVATIVE IDEALS & SERVICES (I) PVT. LTD.

INNOVATIVE IDEALS & SERVICES (I) PRIVATE LIMITED

GROUPING OF BALANCE SHEET AS on 31.03.2017

S.No.	PARTICULARS	AS on 31.03.2017 Rs.	AS on 31.03.2016 Rs.
LIST '1'	**CURRENT LIABILITIES**		
(a)	**Trade Payables**		
	Smartech Indistry (China) Company Limited	73,23,221	-
	T.H. INTERNATIONAL	20,80,133	-
	Ajwa Agency	714	-
	Aquatech	761	3,750
	Bhakti Infotech	3,900	1,950
	Bilal Abdullah	-	1,06,301
	BSNL 1021497745	229	-
	Fedex Express Transportation and Supply Chain Services I Pvt	-	396
	Hathway Cable and Datacom Ltd	1,281	-
	Hello Minerals Water	1,564	1,300
	HTL AirconServices Pvt.Ltd	-	13,842
	J.GANDHI & CO.	41,250	-
	K S Sanghvi & Co.	9,188	30,000
	Mr. Abdul Sattar Balamiya Shaikh	-	22,190
	Mrs. Qudsia Shaikh	-	45,000
	Mrs. Sabiha Inamdar (Prof Fees)	-	33,750
	M/s Solnet Systems Pvt Ltd	-	3,600
	New Ambika Xerox & Stationery	13,445	-
	Pratha International Solutions	-	55,946
	Preeti R Malhotra	-	18,000
	Rakesh Bagwe	11,200	2,400
	Robert Sudarshan	-	7,596
	Ravi Kumar & Associates	18,000	-
	Shakti Textile Mills	21,390	18,630
	SHIVMUDRA PRINTERS	-	4,822
	Shree Gajanan Commercial Corporation	-	10,870
	Sky Park Co-Operative Housing Society Ltd.	1,47,216	74,072
	Vaibhav Octroi Agency	-	24,397
	3 S Security Systems	-	5,063
	Accura Shelving Systems Pvt Ltd	8,31,600	-
	Ace Enterprises	81,344	-
	Agrasen Global Pvt Ltd	3,538	-
	Alphion India Pvt Ltd.	-	3,89,730
	ASHOK TRADERS	50,000	68,549
	ASM Network	22,896	-
	A.V.SECURITIES-CRS	3,17,160	2,25,185
	Bajaj Electricals	-	8,60,446
	Cabletronic	3,200	-
	Citi Trading Co.-Cr	10,216	2,44,991
	D C Infotech	1,71,804	1,00,850
	DEVI KARAM ASSOCIATES	-	22,144
	Dhruti Infotech	52,503	-
	Digital Living	2,29,183	4,04,698
	Divine Freight Systems	1,19,382	-
	Electrographics Sign Pvt. Ltd.	-	1,913
	Girish Electronics	14,603	3,550

ASB & ASSOCIATES * M. No. 145721 FRN: 134676W * MUMBAI * CHARTERED ACCOUNTANTS *

INNOVATIVE IDEALS & SERVICES (I) P. LTD.

	Home Line Products.	46,759	-
	INGLOBAL RESOURCES	-	46,200
	J.M.Enterprises	-	9,000
	Khemanand Enterprises	-	250
	Kiran Sales Corporation	15,450	2,34,250
	KISHOR ENTERPRISE	7,037	44,720
	Lynx Synergy & Solutions Pvt Ltd	3,506	-
	Mark Impex	13,200	13,200
	Michael Music	-	55,454
	Mr. Shoaib Ibrahim Memon	-	12,600
	M/S Hina Shipping & Clearing (C) Pvt Ltd	-	63,032
	MULTILINE COMMUNICATIONS Crs	-	16,728
	Neotech Computers	-	3,400
	Opterna Technologies Pvt. Ltd.	-	1,85,023
	Prama Hikvision India Pvt Ltd	40,406	6,25,151
	Racko Lighting Systems	56,750	
	Realty Automation & Security Systems Pvt Ltd	2,74,652	2,46,705
	Rivipac Polymers Pvt.Ltd	3,23,331	-
	Safehouse Security	-	28,140
	Sagar Electrics & Hardware	1,187	-
	Shri Mamal Enterprise	4,452	-
	SKYLINK COMMUNICATION	3,61,896	4,28,435
	Star Electric & Hardware Stores	-	36,692
	Symmetric I.T.Services Pvt Ltd	-	13,32,748
	Team Telesystems Crs	25,302	-
	Techzone	17,832	18,161
	THREE PISCES TRAVELS AND TOURS PVT.LTD.	32,470	-
	UMA CONVERTER PVT.LTD	40,93,439	-
	Vansh Wire And Cables	87,134	2,13,259
	Vintron Informatics Limited	23,042	-
	Vitran Electronic Solutions Pvt Ltd	-	1,02,657
	Vulcan India	81,185	81,517
	Z Wave India	2,24,497	-
	Neon Mobiles (At branch goa)	25,213	
	TOTAL	**1,73,39,661**	**66,03,252**

A.S.D. & ASSOCIATES M. No. 145721 FRN: 134676W MUMBAI CHARTERED ACCOUNTANTS

INNOVATIVE IDEALS & SERVICES (I) P. LTD. INNOVATIVE

INNOVATIVE IDEALS & SERVICES (I) PRIVATE LIMITED

LIST '2'	Other Current Liablities:-		
(i)	**For Expenses**		
	Audit fee payable	75,600	-
	Salary Payable	29,14,515	15,45,912
	Provision for Employer PF -	4,60,010	-
	Dabir Shaikh	5,000	10,000
	HDFC Bank Credit Card	3,20,140	-
	American Express Credit card	-	2,98,119
	Advance against contracts -		
	Opening	-	4,98,607
	Adit IT & Security Solns	-	51,000
	Elenza Intercom system	-	7,91,000
	Eco International	-	5,000
	Amanora Future Tower Pvt Ltd	14,42,452	16,49,641
	Anaya Infrastructure Pvt. Ltd. (Montego)		2,01,124
	City Corporation Ltd (Contracts)	15,32,901	-
	Friends Development (Imperia) Pvt Ltd.		25,10,987
	Gundecha Construction Pvt Ltd.Zenith (Mulund)	10,19,743	2,72,764
	Harshit shah	-	1,18,336
	Keystone Realtors Pvt Ltd (Elenza)		9,49,165
	Mahaveer Corporation ,		5,83,905
	MICROLINK TECHNOCRATES Pvt.Ltd.		16,310
	Mr. Harshit K. Shah	1,39,499	-
	Mr. Ratnesh Kumar	-	72,000
	Polson Ltd.	-	50,000
	Shreeji Combine	1,79,411	2,00,000
	Ashford construction Pvt. Ltd.	8,47,670	-
	Bombay Slum Redevelopment corporation Pvt. Ltd.	6,33,594	-
	Chalama Infra Properties-common	11,926	-
	Khodaram Properties Developers Pvt Ltd.	3,450	-
	Mr. Vinay Kedia	21,810	-
	M/s D D Associates (Pasari)	97,524	-
	Naseem Creations	10,000	-
	R Mall developers Pvt Ltd.	2,99,977	-
	Rohan Bhimrajka	2,324	-
	Runwal Project Pvt. Ltd.	16,720	-
	Upvan developers	4,09,500	-
	Advance from Others -		
	Ibad shaikh	12,000	-
	Iram shaikh	14,300	-
	Tayzeen shaikh	50,598	-
	TOTAL LIST 2 (i)	**1,05,20,664**	**88,26,656**

(ii)	**For Statutory Dues:-**		
	Service Tax Payable	5,587	13,239
	Vat payable	26,42,906	17,96,128
	Vat payable (At Branch Goa)	4,978	
	Tds on Contract	5,708	4,928
	Tds on Professional fees	34,750	53,299
	Tds on Commission & Brokerage	3,888	13,500
	Tds on Salaries	5,66,820	4,99,052
	Profession Tax	27,450	4,675
	Provident fund	4,40,703	39,192
	TOTAL LIST 2 (ii)	**37,32,790**	**24,24,013**

Notes forming part of the Financial Statements:-

Note16:-

Revenue from Operations	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
		-
Sales of goods	8,49,38,667	11,98,96,102
Export Sales	1,77,31,949	-
Sales of goods (At Branch Goa)	16,02,573	-
Installation charges	15,05,572	14,76,629
Annual Maintenance Charges	8,00,000	-
Net Sales	10,65,78,761	12,13,72,731

Note17:-

Other Income	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
		-
Discount received	5,22,958	1,67,955
Foreign Exchange Gain / Loss	66,222	-
Mobile recovery cost	5,285	-
Custom Duty Recovered	3,96,143	
Freight charges recovered	1,52,029	58,626
Interest on FDR accrued	49,527	2,76,642
Miscellaneous Income	1,07,055	48,998
Sundry creditor written back (Refer Note 1 -Item No.16)	1,76,09,148	-
TOTAL	1,89,08,367	5,52,221

Note 18:-

Purchases	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Purchase of goods	7,33,45,270	11,37,96,170
Purchase of goods (At Branch Goa)	15,06,156	-
Excise duty	4,30,126	99,813
Freight expenses	1,78,051	4,84,621
Octroi charge	52,722	1,52,335
Site Expenses	48,718	60,587
Service charges	5,50,232	-
Installation charges	9,00,911	-
TOTAL	7,70,12,187	11,45,93,526

Note 19:-

Changes in inventory of finished goods	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Inventories at the beginning of the year		
Finished goods	6,89,92,143	5,33,58,586
Inventories at the end of the year		
Finished goods		
(Accepted As certified by the Management)	7,25,93,272	6,89,92,143
TOTAL	(36,01,129)	(1,56,33,557)

Note 20:-

Employee Benefit Expenses	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Salary & Wages	77,14,067	98,89,148
Staff Welfare Expenses	19,203	84,489
Directors Remuneration	7,10,000	7,20,000
Contribution to Provident fund and other funds	5,00,969	6,87,295
Leave Encashment of employee	12,000	33,334
Labour charges	39,041	64,125
Gratuity	1,70,000	
TOTAL	91,65,280	1,14,78,391

Note 21:-

Finance Cost	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Bank Charges	2,96,029	2,88,782
Bank Charges (At Branch Goa)	25,213	
Bank Interest	67,96,756	62,63,331
Interest charges on service tax	-	6,270
Interest charges on VAT	97,944	1,58,402
Interest charges on TDS	1,08,527	38,366
Interest on Credit card	18,823	-
Interest on General Insurance of Employees	(3,915)	-
TOTAL	73,39,376	67,55,151

Note 10:-

Depreciation & Amortisation Expenses	As on 31 March 2017 Amount (Rs)	As on 31 March 2016 Amount (Rs)
Depreciation	3,39,124	4,01,126
Total	3,39,124	4,01,126

A S B & ASSOCIATES M. No. 145721 FRN: 134676W MUMBAI CHARTERED ACCOUNTANTS

INNOVATIVE DEALS & SERVICES (I) P. LTD. INNOVATIVE

Notes forming part of the Financial Statements:-

Note 22:-

Other Expenses	As on 31 March 2017 Amount (Rs)
Annual Maintenance expenses	17,600
Audit fees	82,600
Business Promotion Expenses	41,941
Commission	45,788
Contractor Fees	27,510
Conveyance Expenses	1,74,440
Courier Charges	17,474
Delivery Charges	1,290
Discount allowed	78,604
Electricity charges	2,66,784
Insurance charges	35,498
Internet charges	10,790
Legal Expenses	32,600
Membership fees	18,564
Misc Expenses	5,893
Misc Expenses (At Branch Goa)	1,101
Motor car expenses	33,430
Office expenses	76,869
Other charges	8,902
Petrol expenses	74,708
PF Admin charges	3,040
Printing & Stationery	1,00,328
Professional Fees	3,49,200
Rates & Taxes	2,22,216
Rent - Office & Godown	1,00,800
Repair & Maintenance Exp	51,450
Swachh Bharat Expenses	11,481
Telephone charges	4,60,121
Trademark filling fees	5,000
Transportation charges expenses	1,25,200
Travelling Expenses	1,24,841
TOTAL	26,06,063

ASB & ASSOCIATES * CHARTERED ACCOUNTANTS * M. No. 145721 FRN. 134676W MUMBAI

INNOVATIVE IDEALS & SERVICES (I) P. LTD. * INNOVATIVE

LIST '3'

INNOVATIVE IDEALS & SERVICES (I) PRIVATE LIMITED

SCHEDULE FORMING PART OF 3CD REPORTING AS on 31.03.2017

AS PER INCOME TAX ACT,1961

AS PER ANNEXURE A

Particulars	RATE	WDV as on 01-04-2016	Addition		Deduction	Total	Dep for the year	WDV as on 31-03-2017
			More than 180 Days	less than 180 Days				
LAND AND BUILDING -								
Office Premises	10%	23,90,920	-	-		23,90,920	2,39,092	21,51,828
PLANT AND MACHINERY -								
Plant & Machinery	15%	2,23,601	-	-		2,23,601	33,540	1,90,061
FURNITURE & FIXTURE , OFFICE E	10%	5,56,439	-	-		5,56,439	55,644	5,00,795
COMPUTER								
Computer , Printer	60%	1,396	-	-		1,396	838	558
Total		31,72,356	-	-	-	31,72,356	3,29,114	28,43,242

INNOVATIVE IDEALS & SERVICES (I) P. LTD. INNOVATIVE

A S B & ASSOCIATES M. No. 145721 FRN: 134676W MUMBAI CHARTERED ACCOUNTANTS

LIST '3'

INNOVATIVE IDEALS & SERVICES (I) PRIVATE LIMITED

SCHEDULE FORMING PART OF 3CD REPORTING AS on 31.03.2017

Innovative Ideals & Services (I) Pvt Ltd

Notes forming part of the financial statements

Deferred Tax as per Accounting Standard 22 for the F Y 2016-17

Notes No. Deferred Tax Assets/Liability

Particulars	Amount in Rs.
Net Bolck of Assets as at 31.3.2017 as per Books	42,81,539
Net Block of Assets as at 31.3.2017 as per IT Rules	28,43,242
	14,38,297

Particulars	Amount in Rs.
Deffered Tax Liability	4,31,489
Opening Balance	4,67,492
Net Deferred Liability	36,003

INNOVATIVE IDEALS & SERVICES (I) P. LTD.

A S E & ASSOCIATES CHARTERED ACCOUNTANTS M. No. 145721 FRN: 134676W MUMBAI

Notes on Financial Statements for the year Ended 31st March 2017

1. Significant Accounting Policies:

Basis of preparation:

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956/2013. The financial statements have been prepared under the historical cost convention on an accrual basis and going concern basis. The accounting policies have been consistently applied by the company are consistent with those used in the previous year.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2. Tangible Fixed Assets:

- Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

- Borrowing costs relating to acquisition of tangible assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

3. Intangible Fixed Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

ASB & ASSOCIATES M. No. 145721 FRN: 134676W MUMBAI CHARTERED ACCOUNTANTS

INNOVATIVE IDEALS & SERVICES (I) P. LTD. INNOVATIVE

4. Depreciation and Amortization:

Depreciation on the fixed assets is provided under written down value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 or at rates permissible under applicable local laws so as to charge off the cost of assets to the Statement of Profit and Loss over their estimated useful life, except on the following categories of assets:

(i) Assets costing up to ` Rs5, 000/- are fully depreciated in the year of acquisition.
(ii) Intangible assets are amortized over their useful life of 5 years.

5. Investments:

- Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

- On initial recognition, all investments are measured at cost. The cost comprises the purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired by the issue of shares or the other securities, the acquisition cost is the fair value of securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

- Current investments are carried at the lower of cost and fair value determined on an individual investment basis. Long- term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the long -term investments.

6. Employee Benefits:

Employee benefits include provident fund, gratuity fund only.

7. Inventories:

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Also the valuation of stock is accepted as certified by the management of the company.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost of stock in trade procured for specific projects is assigned by specific identification of individual costs of each item. Costs of stock in trade, that are interchangeable and not specific to any project is determined using the weighted average cost formula. Cost of stores and spare parts is determined using weighted average cost.

ASB & ASSOCIATES M. No. 145721 FRN: 134676W MUMBAI CHARTERED ACCOUNTANTS

INNOVATIVE IDEALS & SERVICES (I) P. LTD. INNOVATIVE

8. Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

9. Revenue Recognition:

Revenue from Operations

- Sale and operating income includes sale of products, services, profit from company, export sales, etc.
- Sale of goods are recognized, net off returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer. Sales include excise duty but exclude sales tax and value added tax.
- Sale of services are recognized when services are rendered and related costs are incurred.
- Export sales are accounted for in the year of exports.

Other income

- Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

10. Taxation:

Tax expense comprises current and deferred tax. Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961 and tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

- Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income 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 or substantively enacted by the balance sheet date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Deferred tax assets and deferred tax liabilities are offset, if a 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 the same governing taxation laws

ASB & ASSOCIATES * CHARTERED ACCOUNTANTS * M. No. 145721 FRN: 134676W MUMBAI

INNOVATIVE IDEALS & SERVICES (I) PVT. LTD. INNOVATIVE

- Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. In the situations where the Company is entitled to a tax holiday under the Income realized against future taxable profits. In the situations where the Company is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate.

- At each balance sheet date, the Company re-assesses recognized and unrecognized deferred tax assets. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain as the case may be, that sufficient future taxable income will be available. The Company recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

- **Minimum Alternative tax (MAT) credit** is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the MAT Credit Entitlement at each balance sheet date and writes down the carrying amount of the MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

11. Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the number of equity shares outstanding during the period.
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

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12. Provisions:

A provision is recognized when there exists a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to present value and are determined based on best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

13. Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably, the Company does not recognize a contingent liability but discloses its existence in the financial statements in notes to accounts.

Schedule of Contingent liability as on 31.03.2017.

S.No	Gtee No.	Name of Client	Valid Upto	Amount Rs.	Purpose
1.	BG-No. 0041617BG0000017	Keystone Realtors Pvt. Ltd.	22.08.2017	1,52,256	Performance Guarantee
2.	BG-No. 0041617BG0000018	Keystone Realtors Pvt. Ltd.	22.08.2017	2,58,857	Performance Guarantee
3	BG-No. 0041617BG0000111	Mahindra Lifespace Developers	24.06.2018	19,37,947	Performance Guarantee

As the company has Income Tax disputes going on with ITAT Authority for A.Y. 2009-10 & A.Y. 2010-11 for tax liability of Rs.19.91 lacs & Rs.36.45 lacs respectively excluding interest as applicable.

Also the company has one trade related dispute which is ongoing with one of the debtors named Kalpatru Limited, Mumbai including its sister/ project based company's concerns as the dispute is going at NCLT Forum & other forum. Hence the trade receievable amount of Rs.14,87,225/- realization is subject to the clearance of the dispute.

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14. Cash and cash equivalent:

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with banks with an original maturity of three months or less.

16 Remission or Cessation of Trading Liabilities:-

The Company is into the business of all security related solutions by way CCTV Camera & other security related solution including telecom related solution where technological standards of products have to be fulfilled while dealing with the vendors.

Further the management of the company has framed & adopted a policy of returning back the two disputed bills belongs to old trade creditors as those who are under absolute uncertainty of making the payments due to the import of the goods not as per the required technological standards was supplied by the vendor name Kocom Co. Ltd. The details are as follows:-

a) Bill of Entry No. of Rs.92,95,812/- Invoice No. & Date - EIN121107B on DEC.28.2012
b) Bill of Entry No. of Rs.83,13,336/- Invoice No. & Date – EIN120409A on APR.27.2012

ASB & Associates

Chartered Accountants
ICAI Firm Reg. No. 134676w

Anand Kumar Lunkar
Partner (M.No.145721)

For INNOVATIVE IDEALS & SERVICES (INDIA) PRIVATE LIMITED

Director **Managing Director**
Din No.0834754 **Din No.0834590**

Date: 08/08/2017
Place : Mumbai