

INDEPENDENT AUDITOR'S REPORT
TO THE MEMEBRS OF INDIAN TONERS U.S.A. COMPANY

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Indian Toners U.S.A Company** ("the Company") which comprise the Balance Sheet as at 31st 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 which we have signed under reference to this report.

Management's responsibility for the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
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 fair presentation of



the financial statements in order to design the 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 reasonableness of the accounting estimates made by the 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;
 - (ii) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. This report does not include a statement on the matters specified vide Companies (Auditor's Report) Order, 2016 ('Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, in our opinion the said order is not applicable to the Company as the Company is not incorporated in India under the Indian Companies Act, 2013.
8. **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 accounts as required by the law have been kept by the Company, so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;



- d. In our opinion, the aforesaid financial statements dealt with by this report comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013;
- e. 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. There were no pending litigations which would impact the consolidated financial position of the Company;
 - ii. The Company did not have any foreseeable losses on long term contracts and had no derivative contracts outstanding as at 31st March, 2017; and
 - iii. The Company did not have any dues on account of Investor Education and Protection Fund.

PLACE: NEW DELHI
DATE: 20TH MAY, 2017



FOR K. N. GUTGUTIA & COMPANY
CHARTERED ACCOUNTANTS
FRN 304153E


(B. R. GOYAL)
PARTNER
M. NO. 12172



INDIAN TONERS U.S.A.COMPANY

BALANCE SHEET AS AT 31ST MARCH ,2017

Particulars	Note. No.	(in USD)	(in Rs.)
		AS AT 31ST MARCH,2017	AS AT 31ST MARCH,2017
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	110,000	7,360,375
(b) Reserves and Surplus	3	(84,864)	(5,730,313)
(2) Non-Current Liabilities			
(3) Current Liabilities			
(a) Trade Payables	4	69,932	4,534,715
(b) Other Current Liabilities	5	2,633	170,713
Total Equity & Liabilities		97,701	6,335,490
II.ASSETS			
(1) Non-Current Assets			
<i>Fixed Assets</i>			
(i) Tangible Assets		-	-
(ii) Intangible Assets		-	-
(2) Current Assets			
(a) Other non-current assets	6	695	45,067
(b) Inventories	7	59,566	3,862,610
(c) Trade receivables	8	15	973
(d) Cash and Bank Balances	9	37,425	2,426,840
Total Assets		97,701	6,335,490
Summary of significant Accounting Polies		1	
The Notes form an Integral parts of these Financial Statements		(1 - 22)	
As per our Report of even date.			
FOR K.N.GUTGUTIA & COMPANY		for and on Behalf of the Board of Director	
CHARTERED ACCOUNTANTS			
ICAI'S FRN 304153E			
 (B.R.GOYAL) Partner Membership No. : 12172 Place : New Delhi Dated : 20th May,2017		 (SUSHIL JAIN) Director DIN NO 00323952	



INDIAN TONERS U.S.A.COMPANY

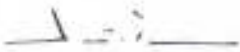
STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2017

Sr. No	Particulars	Note. No.	(in USD)	(in Rs.)
			For the period ended 31st March. 2017	For the period ended 31st March. 2017
I	Revenue from operations	10	16,224	1,089,091
II	Other Income		-	-
III	III. Total Revenue (I +II)		16,224	1,089,091
IV	Expenses:			
	Cost of goods	11	72,646	4,876,426
	Changes in inventories of finished goods, work-in-progress	12	(59,567)	(3,998,494)
	Employee Benefit Expense	13	70,036	4,701,235
	Other Expenses	14	17,973	1,206,417
	Total Expenses (IV)		101,088	6,785,584
V	Profit before tax	(III - IV)	(84,864)	(5,696,493)
VI	Tax expense:			
	Current tax		-	-
VII	Profit/(Loss) for the period		(84,864)	(5,696,493)
VIII	Earning per equity share:			
	(1) Basic		(9.71)	(651.77)
	(2) Diluted		(9.71)	(651.77)
	Summary of significant Accounting Polies	1		
	<i>The Notes form an Integral parts of these Financial Statements</i>	(1-22)		

As per our Report of even date.
FOR K.N.GUTGUTIA & COMPANY
 CHARTERED ACCOUNTANTS
 ICAI'S FRN 304153E

for and on Behalf of the Board of Directors


(B.R.GOYAL)
 Partner
 Membership No. : 12172
 Place : New Delhi
 Dated : 20th May,2017


(SUSHIL JAIN)
 Director
 DIN NO 00323952



INDIAN TONERS U.S.A. COMPANY

Notes to the Financial Statements

NOTE-1

1. Corporate information

Indian Toners U.S.A. Company(the Company) is a company incorporated in United States of America (USA) in March, 2017. The Company is wholly owned subsidiary of Indian Toners & Developers Limited (the parent company), a company incorporated in India. The Company has been formed for the purpose of marketing and distribution of Toners to customers based in the America.

2. Statement of Significant Accounting Policies

A. Basis of Preparation& Presentation of Financial Statements

The accounts of the Company are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the Accounting Standardsspecified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the other relevant provisions of the Companies Act, 2013. The Financial Statements are presented as per Schedule III to the Companies Act, 2013 and in Indian rupees and USD.

Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

B. Valuation of Inventories

Inventories are valued at lower of cost or net realizable value.

The methods of determining cost of inventory are Weighted Average Method.

Cost includes all direct costs and such other costs incurred as to bring the inventory to its present location and condition.

C. Income Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the results for the period.

D. Foreign Currency Transactions and Translations

- a) **Initial Recognition:** Foreigncurrency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on/or closely approximating to the date of the transaction.
- b) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date



INDIAN TONERS U.S.A. COMPANY

Notes to the Financial Statements

of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

- c) **Exchange Difference:** Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

For the purpose of conversion of Financial Statement year to date average rate of currencies has been taken for revenue items and closing rate has been taken for Balance Sheet items, except for Share Capital and Reserve and Surplus, which are carried at historical exchange rate. The net exchange difference on account of translation of financial statement is taken to foreign exchange fluctuation reserve.

E. Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs.

F. Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, incentives and contribution to 401 (k) plan as it prevalent in USA, etc. and are recognized as expenses in the period in which the employee renders the related service and measured accordingly.

G. Revenue Recognition

Revenue from sale of products is recognized when the significant risks and rewards of ownership of the products are transferred to the buyer, recovery of the consideration is reasonably assured and the amount of revenue can be measured reliably.

H. Earnings Per Share

The basic earnings per share is calculated by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax during the year and the weighted average number of shares outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Anti dilutive effect of any potential equity shares is ignored.



INDIAN TONERS U.S.A. COMPANY

Notes to the Financial Statements

Note no. : 2 Share Capital

Sr. No	Particulars	AS AT 31ST MARCH, 2017 (in USD)	AS AT 31ST MARCH, 2017 (in Rs.)
1	AUTHORIZED CAPITAL 25,000 Equity Shares of USD 10/- each.	250,000	250,000
		250,000	250,000
2	ISSUED, SUBSCRIBED & PAID UP CAPITAL 11,000 Equity Shares of Rs. 669.1250/- each.	110,000	7,360,375
	Total	110,000	7,360,375

2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period in USD & Rs.

Particulars	As at 31st March, 2017		
	Number	Amount in USD	Amount in Rs.
Shares outstanding at the beginning of the year	-	-	-
Shares issued during the year	11,000	110,000	7,360,375
Shares bought back during the year	-	-	-
Shares outstanding at the end of the year	11,000	110,000	7,360,375

- 2.2 The Company has only one class of Equity Shares USD 10/- per share. Each Shareholder is eligible for one vote per share.
- 2.3 During the year, 11000 Equity Shares of USD 10/- each issued and allotted at par to its holding company, namely Indian Toners & Developers Limited.
- 2.4 Shares in the company held by each share holders holding more than 5 percent shares :

Name of Shareholders	AS AT 31ST MARCH, 2017	
	No. of Shares Held	% of Holding
Indian Toners & Developers Ltd.	11,000	100%
Total	11,000	100%

2.5 The details of shares held by holding /ultimate holding and / or their subsidiaries / associates :

Name of Shareholders	AS AT 31ST MARCH, 2017	
	No. of Shares Held	% of Holding
Indian Toners & Developers Ltd.	11,000	100%
Total	11,000	100%

(in USD)

(in Rs.)

Note No. : 3 Reserve & Surplus

Sr. No	Particulars	AS AT 31ST MARCH, 2017 (in USD)	AS AT 31ST MARCH, 2017 (in Rs.)
1	Surplus		
	Opening Balance		-
	Profit transferred during the year from Statement of Profit & Loss	(84,864)	(5,696,493)
	Closing Balance	(84,864)	(5,696,493)
2	Foreign Currency Transaction Reserves		
	Opening Balance		
	Add ;Effect of Foreign Exchange rate variation during the year	-	(33,820)
	Closing Balance	-	(33,820)
	Total (1+2)	(84,864)	(5,730,313)



INDIAN TONERS U.S.A.COMPANY

Notes to the Financial Statements

(in USD)

(in Rs.)

Note No. : 4 Trades Payable

Sr. No.	Particulars	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2017
	Indian Toners & Developers Limited	69,932	4,534,715
	Total	69,932	4,534,715

Note No. : 5 Other Current Liabilities

Sr. No.	Particulars	AS AT 31ST MARCH, 2017	AS AT 31ST MARCH, 2017
1	Statutory Dues Payable	2,341	151,802
2	Other	292	18,911
	Total	2,633	170,713



INDIAN TONERS U.S.A.COMPANY

Notes to the Financial Statements

(in USD)

(in Rs.)

Note No.: 6 Other Non Current Assets

Sr. No	Particulars	AS AT 31ST MARCH,2017	AS AT 31ST MARCH,2017
	<u>Security Deposit</u> Security Deposit - Other (Unsecured considered good)	695	45,067
	Total	695	45,067

Note No. :7 Inventories

Sr. No	Particulars	AS AT 31ST MARCH,2017	AS AT 31ST MARCH,2017
	Finished Goods (Toners Only)	59,566	3,862,610
	Total	59,566	3,862,610

Note No. : 8 Trade Receivables

Sr. No	Particulars	AS AT 31ST MARCH,2017	AS AT 31ST MARCH,2017
1	<u>Outstanding for a period exceeding six months from the date they are Due for payment</u> a) Unsecured, Considered Good : b) Doubtful (not provided for)	-	-
2	<u>Others receivable</u> a) Secured, Considered Good : b) Unsecured, Considered Good :	15.00	972.68
	Total	15.00	972.68

Note No. : 9 Cash & Cash Equivalent

Sr. No	Particulars	AS AT 31ST MARCH,2017	AS AT 31ST MARCH,2017
1	<u>Cash-on-Hand</u> Cash Balance	-	-
	Sub Total (A)	-	-
2	<u>Bank Balance</u> Current Account with Bank of America	37,425	2,426,840
	Sub Total (B)	37,425	2,426,840
	Total [A + B]	37,425	2,426,840



INDIAN TONERS U.S.A. COMPANY

Notes to the Financial Statements

(in USD)

(in Rs.)

Note No. : 10 Revenue from Operations

Sr. No	Particulars	For the period ended 31st March, 2017	For the period ended 31st March, 2017
	<u>Sales of products (Traded Goods)</u> Sale of Products constitute Toners only.	16,224	1,089,091
	Total	16,224	1,089,091

Note No. : 11 Purchase of goods

Sr. No	Particulars	For the period ended 31st March, 2017	For the period ended 31st March, 2017
	Purchases during the year	72,646	4,876,426
	Sub-total	72,646	4,876,426
	Total	72,646	4,876,426

Note No. : 12 Change in Inventories

Sr. No	Particulars	For the period ended 31st March, 2017	For the period ended 31st March, 2017
1	<u>Inventories at the end of the year</u> Closing Stock	59,567	5,998,494
2	<u>Inventories at the beginning of the year</u> Opening Stock	-	-
	Total	(59,566.0)	(3,998,494)

Note No. : 13 Employee Benefits Expenses

Sr. No	Particulars	For the period ended 31st March, 2017	For the period ended 31st March, 2017
1	Salaries	64,000	4,296,090
2	Staff Welfare Expenses	909	60,888
3	Payroll Taxes	5,127	344,157
	Total	70,036	4,701,235

Note No. : 14 Other Expenses

Sr. No	Particulars	For the period ended 31st March, 2017	For the period ended 31st March, 2017
1	Rent	3,684	247,260
2	Communication Expenses	52	1,490
3	Freight, Clearing & Forwarding Expenses	685	45,965
4	Bank Charges	60	4,021
5	Conveyance & Travelling Exp.	2,548	171,068
6	Subscription Exp.	61	4,067
7	Office Expenses	379	25,423
8	Legal & Professional Charges	4,000	268,506
9	Telephone & Internet Exp	1,502	100,843
10	Sales Promotion Exp.	1,328	89,156
11	Warehousing Exp.	3,416	229,304
12	Miscellaneous Expenses	258	17,334
	Total	17,973	1,206,417



NOTES TO THE FINANCIAL STATEMENTS

15. Accounts of the Company (a wholly owned subsidiary of Indian Toners & Developers Ltd., a company incorporated in India), incorporated in U.S.A. have been made out as per requirement of Companies Act, 2013 of India (" the Act ") , in due adherence of provision of the Act . This entailed drawing up the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement (including Auditor's Report thereon) of the subsidiary in a manner so as to make it appear conforming to requirements of the Act , for the purpose of annexing the particulars of the Company with its holding Company and for the preparation of the consolidated accounts of the group pursuant to the provisions of the Act and consolidating the financial statement of this company with parent holding company in terms of AS- 21 in respect of Consolidation of accounts as required under AS – 21 notified by Ministry of Corporate Affair and in pursuant to the provisions of the Act and this exercise also related to translation of treatment of various heads of account in terms of accounting standard referred to in the Act ,read with the accounting policy of parent company and presentation of accounts in terms of Schedule III of the Act ,including disclosure of necessary information as laid down under the said Act.

16. This is the first year of Company, hence no corresponding figures for the previous period.

17. Commitments - Nil .

18. Contingent liabilities to the extent not provided for - Nil .

19. Related Party Transactions:

Name of Related Party	Relationship
Indian Toners & Developers Ltd.	100 % Holding Co.

The Company has entered into transactions with the related party, namely Indian Toners & Developers Limited during the period as :

Nature of Transaction	Amount (in Rs.)	Amount (In USD)
Purchase of Goods	45,34,715	69,931.60



20. EARNING PER SHARE

Particulars	USD	Rs.
Profit / loss after Tax (in Lakhs)	(0.85)	(56.96)
Weighted Av. No of shares *	8740	8740
Face Value per share	10	669.125
Basic & Diluted EPS	(9.71)	(651.77)

- Weighted Average no equity shares for EPS computation

No of Shares at beginning Nil

Add : Shares during the year on $(11000 \times 290/365) = 8740$

21. For the purpose of conversion of accounts into Indian Currency, following Rates are applied.

Average Rate for 2016-17 1 USD = INR 67.1264

Closing rate As on 31.03.2017 1 USD = INR 64.8450

22. Figures in Rs. have been given only for conversion purpose.

As per our Report of Even Date Attached
for **K.N. GUTGUTIA & CO.**
Chartered Accountants
ICAI'S FRN 304153E


(B.R. GOYAL)

Partner
Membership No. 12721
Place : New Delhi
Date : 20TH May, 2017

For and on Behalf of the Board of Directors

(SUSHIL JAIN)
Director
DIN No.00323952



Indian Toners U.S.A. Company

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

	(In USD)		(In Rs.)	
	1st April,2016 to 31st March,2017		1st April,2016 to 31st March,2017	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) Before Tax		(84,864)		(5,696,493)
Adjustment for :				
Depreciation		-		-
Operating profit before working capital changes		(84,864)		(5,696,493)
Adjustment for :				
(Increase)/Decrease in Inventories	(59,565)		(3,862,610)	
(Increase)/Decrease in Trade receivables	(15)		(973)	
(Increase)/Decrease in Other Non Current Asset	(695)		(45,067)	
Increase/(Decrease) in Trade payables	69,932		4,534,715	
Increase/(Decrease) in Other current liabilities	2,633		170,713	
Increase/(Decrease) in Short-term provisions		12289		796,778
Interest paid				
Net Cash Inflow/(outflow) from Operating Activities (A)		(72,675)		(4,899,715)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Net Cash Inflow/(outflow) from Investing Activities (B)		-		-
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issuance of Equity Shares		110,000	7,360,375	7,360,375
Net cash Inflow/(outflow) from financing activities (C)		110,000		7,360,375
D. FOREIGN CURRENCY TRANSACTION DIFF.ON CONSOLIDATION				
Net cash Inflow/(outflow) in course of Foreign Currency Transaction activities (D)		-		(33,820)
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C+D)		37,425		2426840
Cash and cash equivalents at the beginning of the year (Opening Balance)		-		-
Cash and cash equivalents at the closing of the year (Closing Balance)		37,425		2,426,840

Note:-

The Cash Flow Statement has been prepared under the indirect Method set out in Accounting Standard -3 Cash Flow Statements as notified by Central Govt of India

As per Our report of Even Date

FOR K N GUTGUTIA & CO.
CHARTERED ACCOUNTANTS
ICAI's FRN 304153E

(B R GOYAL)
PARTNER
M. NO.12172
New Delhi
20th May,2017

for and on Behalf of the Board of Director

(SUSHIL JAIN)
Director
DIN NO 00323952

