



Welspun Middle East DMCC
Dubai, United Arab Emirates

**MANAGER'S REPORT
AND
AUDITED FINANCIAL STATEMENTS**

31 March 2017

Welspun Middle East DMCC
MANAGER'S REPORT & AUDITED FINANCIAL STATEMENTS
31 March 2017

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**MANAGER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

I have pleasure in presenting this report and the audited financial statements of Welspun Middle East DMCC ("the Company") for the year ended 31 March 2017.

LEGAL STATUS AND ACTIVITIES

Welspun Middle East DMCC ("the Company") is a company registered with Dubai Multi Commodities Centre under certificate No. 2501. The Company was incorporated on 25 January 2011 and it was granted a trade license on 9 March 2011. The Company's licensed activity is trading in steel products.

The registered address of the Company is Unit No 3007-3008, Oaks Liwa Heights, Cluster W, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

FINANCIAL RESULTS AND FUTURE OUTLOOK

The Company is currently engaged in marketing activities. During the year, the Company earned commission revenue of USD 3,330,222 (2015-16: USD 1,601,623) and it made a profit of USD 1,673,762 (2015-16: loss of USD 118,288).

The detailed results are set out in the statement of comprehensive income and related notes.

MANAGEMENT RESPONSIBILITY

As the Manager of the Company, I am responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as I determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


I am also responsible for keeping proper financial records in line with the laws and regulations of Dubai Multi Commodities Centre, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

As the Manager of the Company, I have approved these financial statements on 21st April 2017.

INDEPENDENT AUDITORS

The independent auditors of the Company, **RSM Dahman**, have indicated their willingness to continue in office.

Signed on behalf of management :



Ashish Guwalani
Manager

Date: 21st April 2017

RSM Dahman Auditors

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF WELSPUN MIDDLE EAST DMCC

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Welspun Middle East DMCC ("the Company") which comprise the statement of financial position as at 31 March 2017, the related statements of comprehensive income, changes in equity and cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2017 and its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the shareholder for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and any of the applicable provisions of the laws and regulations of Dubai Multi Commodity Centre and Company's Articles and Memorandum of Association and, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Shareholder is responsible for overseeing the Company's financial reporting process.

Independent Auditors' Report Continued...

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Establishment's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Shareholder regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory compliance

We further confirm that we have obtained all information and explanations that we deemed necessary for our audit, that proper financial records have been kept by the Company and that the information contained in the Manager's report in so far as they relate to the financial statements are in agreement therewith. We are not aware that any violations of (a) the DMCC Company Regulation (b) the articles of association of the Company, have occurred during the year ended 31 March 2017, which may have had a material adverse effect on the business of the Company.

RSM Dahman
 RSM Dahman
 Dubai
 21 April 2017



WELSPUN MIDDLE EAST DMCC

STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 March 2017

	Note	31 March 2017 USD	31 March 2016 USD
ASSETS			
NON CURRENT ASSETS			
Fixed assets	3	<u>27,237</u>	<u>40,854</u>
CURRENT ASSETS			
Advances, deposits and prepayments	4	39,749	169,160
Amounts due from related parties	8(a)	2,584,386	834,230
Bank balances and cash	5	<u>664,265</u>	<u>133,503</u>
		<u>3,288,400</u>	<u>1,136,893</u>
Total assets		<u>3,315,637</u>	<u>1,177,747</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	54,496	54,496
Retained earnings / (Accumulated losses)		<u>554,086</u>	<u>(1,119,676)</u>
Surplus / (Deficit) in equity		<u>608,582</u>	<u>(1,065,180)</u>
NON CURRENT LIABILITIES			
Employees' end of service benefits	7	<u>26,325</u>	<u>94,860</u>
		<u>26,325</u>	<u>94,860</u>
CURRENT LIABILITIES			
Amounts due to related parties	8(b)	105,471	106,146
Loan from related party	8(c)	2,000,000	2,000,000
Other payables		<u>575,259</u>	<u>41,921</u>
		<u>2,680,730</u>	<u>2,148,067</u>
Total equity and liabilities		<u>3,315,637</u>	<u>1,177,747</u>

The independent auditors' report is set out on pages (2) and (3).



Ashish Guwafani
Manager

The attached notes 1 to 12 form part of these financial statements.

WELSPUN MIDDLE EAST DMCC

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 March 2017

		<i>Year ended 31 March 2017 USD</i>	<i>Year ended 31 March 2016 USD</i>
INCOME STATEMENT			
Revenue	9	<u>3,330,222</u>	<u>1,601,623</u>
EXPENSES			
General and administration expenses	10	1,556,460	1,618,243
Finance costs		<u>100,000</u>	<u>101,668</u>
		<u>1,656,460</u>	<u>1,719,911</u>
PROFIT / (LOSS) FOR THE YEAR		<u><u>1,673,762</u></u>	<u><u>(118,288)</u></u>
 OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss:</i>		-	-
Other comprehensive income		<u>-</u>	<u>-</u>
Net other comprehensive income not to be reclassified subsequently to profit or loss		<u>-</u>	<u>-</u>
<i>Items that will be reclassified subsequently to profit or loss:</i>		-	-
Net other comprehensive income to be reclassified subsequently to profit or loss		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		<u><u>1,673,762</u></u>	<u><u>(118,288)</u></u>

The attached notes 1 to 12 form part of these financial statements.

WELSPUN MIDDLE EAST DMCC

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 March 2017

	<i>Share capital USD (Note 6)</i>	<i>(Accumulated losses) / Retained earnings USD</i>	<i>Total USD</i>
Balance at 1 April 2015	54,496	(1,001,388)	(946,892)
<i><u>Comprehensive Income</u></i>			
(Loss) for the year	-	(118,288)	(118,288)
Total comprehensive loss	-	(118,288)	(118,288)
<i><u>Transactions with Owner:</u></i>			
Total transactions with owner	-	-	-
As at 31 March 2016	<u>54,496</u>	<u>(1,119,676)</u>	<u>(1,065,180)</u>
<i><u>Comprehensive Income</u></i>			
Profit for the year	-	1,673,762	1,673,762
Total comprehensive profit	-	1,673,762	1,673,762
<i><u>Transaction with Owner:</u></i>			
Total transactions with owner	-	-	-
As at 31 March 2017	<u>54,496</u>	<u>554,086</u>	<u>608,582</u>

Figures in (brackets) indicate debits

The attached notes 1 to 12 form part of these financial statements.

STATEMENT OF CASH FLOWS

Year Ended 31 March 2017

	<i>Year ended 31 March 2017 USD</i>	<i>Year ended 31 March 2016 USD</i>
OPERATING ACTIVITIES		
Profit / (Loss) for the year	1,673,762	(118,288)
Adjustment for:		
Depreciation of fixed asset	13,617	19,933
(Reversal) / Provision for employees' end of service benefits	<u>(28,343)</u>	<u>69,996</u>
Operating Profit / (Loss) before working capital changes:	1,659,036	(28,359)
Decrease / (Increase) in advances, deposits and prepayments	129,411	(22,977)
(Increase) in Amount due from related party	(1,750,156)	(19,399)
Increase in other payables	533,338	18,702
(Decrease) / Increase in amount due to related party	<u>(675)</u>	<u>39,289</u>
Cash from operating activities	570,954	(12,744)
Employees end of service benefits (paid)	<u>(40,192)</u>	<u>(11,244)</u>
Net cash from / (used in) operating activities	<u>530,762</u>	<u>(23,988)</u>
INVESTING ACTIVITIES		
Cash flow (used in) investing activities	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES		
Cash flow from financing activities	<u>-</u>	<u>-</u>
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	530,762	(26,712)
Cash and cash equivalents at the beginning of the year	<u>133,503</u>	<u>160,215</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>664,265</u></u>	<u><u>133,503</u></u>
REPRESENTED BY		
Bank balances and cash	<u><u>664,265</u></u>	<u><u>133,503</u></u>

The attached notes 1 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2017

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Welspun Middle East DMCC ("the Company") is a company registered with Dubai Multi Commodities Centre under certificate No. 2501. The Company was incorporated on 25 January 2011 and it was granted a trading license on 9 March 2011. The Company's licensed activity is trading in steel products.

The registered address of the Company is Unit No 3007-3008, Oaks Liwa Heights, Cluster W, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

These financial statements are consolidated together with the financial statements of the Parent Company. - (Welspun Tradings Ltd.)

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

These financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standards (IFRSs) issued and adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee of the IASB enforce at 31 March 2017 and the requirements of the local laws and regulations.

Accounting convention

The financial statements are prepared under the historical cost convention except for the measurement at fair values of financial assets at fair value through profit or loss including those designated as such upon initial recognition and those classified as held for trading, investment properties.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

The financial statements have been presented in the United States Dollar (USD) which is the Company's presentation and functional currency.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2017

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)**2.2 Changes in accounting policies and disclosures****a) New and amended standards, and interpretations effective for the first time and applied but with no material effect on the financial statements:**

For the preparation of these financial statements, the following new or amended pronouncements are effective for the first time for the financial year beginning on or after 1 January 2016 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS – e.g. IFRS 14 *Regulatory Deferral Accounts* (issued in January 2014) - since they are not relevant to the Company.

The application of these amended IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 titled *Disclosure Initiative* (issued in December 2014)
- Amendments to IAS 16 and IAS 38 titled *Clarification of Acceptable Methods of Depreciation and Amortisation* (issued in May 2014)
- Amendments to IAS 16 and IAS 41 titled *Agriculture: Bearer Plants* (issued in June 2014)
- Amendment to IAS 19 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendment to IFRS 5 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendment to IFRS 7 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendment to IAS 34 (*Annual Improvements to IFRSs 2012–2014 Cycle*, issued in September 2014)
- Amendments to IAS 27 titled *Equity Method in Separate Financial Statements* (issued in August 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 28 titled *Investment Entities: Applying the Consolidation Exception* (issued in December 2014)
- Amendments to IFRS 11 titled *Accounting for Acquisitions of Interests in Joint Operations* (issued in May 2014)

b) New and amended standards, and interpretations issued but not yet effective and not early adopted:

The Company has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2016.

The management anticipates that the new standards and amendments will be adopted in the Company financial statements when they become effective. The Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

- Amendments to IAS 7 titled *Disclosure Initiative* (issued in January 2016)
- Amendments to IAS 12 titled *Recognition of Deferred Tax Assets for Unrealised Losses* (issued in January 2016)
- Amendments to IFRS 2 titled *Classification and Measurement of Share-based Payment Transactions* (issued in June 2016)
- Amendments to IFRS 4 titled *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued in September 2016)
- IFRS 9 *Financial Instruments* (issued in July 2014)
- Amendments to IFRS 10 and IAS 28 titled *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued in September 2014)
- IFRS 15 *Revenue from Contracts with Customers* (issued in May 2014 and amended for clarifications in April 2016)
- IFRS 16 *Leases* (issued in January 2016)

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2017

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)**2.2 Changes in accounting policies and disclosures** (*continued*)

Topics covered by these standards/interpretations are either not relevant for the preparations of this set of IFRS financial statements or the Company does not foresee that the application of these standards/interpretations will result in a significant impact on figures and disclosures on the reporting period they will be adopted except in certain cases such as changes in accounting for leases where it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

2.3 Significant accounting policies and disclosuresFixed assets and depreciation

Fixed assets are initially recorded at cost. Subsequent to the initial recognition all fixed assets are carried at cost less accumulated depreciation less impairment losses. Cost includes the purchase price and related expenses.

Depreciation on all fixed assets is calculated at rates to write off their cost over their useful lives. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Office equipment	3 years
Furniture and fixture	3 years

Impairment of tangible assets

At the end of every period, the Company reviews the carrying amount of its tangible assets to determine whether there is any indication of the impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss, if any. Where it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the estimated recoverable amount of an asset (or cash generating unit) is less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Impairment loss is recognized immediately.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior periods. A reversal of the impairment loss is recognized immediately in the profit or loss.

Financial assets*Initial recognition and measurement:*

The Company recognizes financial assets on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets are recognized at fair value which is normally the transaction price.

Subsequent measurement:

Subsequent measurement of financial assets depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial assets in one of the following four categories:

- a) *Financial assets at fair value through profit and loss:* Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives. All changes in fair value relating to assets at fair value through profit and loss are charged to the profit or loss as incurred.

For the year ended on 31 March 2017, the Company did not carry any financial assets classified in this category.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2017

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)**2.3 Significant accounting policies and disclosures** (*continued*)Financial assets (*continued*)

b) *Loans and receivables:* Loans and receivables and amount due from related parties are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that the Company intends to sell immediately or in the near term cannot be classified in this category. These assets are carried at cost minus any reduction for impairment or un-collectability. The amount of loss is recognized in the profit or loss.

Typically, advances, deposits, other receivables and amount due from related party are classified in this category. Accounts receivable are stated net of provision for amounts estimated to be doubtful of recovery. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

c) *Held to maturity financial assets:* These are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

For the year ended on 31 March 2017, the Company did not carry any financial assets classified in this category.

d) *Available for sale financial assets:* These are non-derivative financial assets that are designated as available for sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available for sale financial assets are recognized in other comprehensive income and presented within the other comprehensive income and accumulated in fair value reserves and presented within equity in the fair value reserves until the security is disposed off or is determined to be impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income and accumulated in fair value reserves is taken to profit or loss.

For the year ended on 31 March 2017, the Company did not carry any financial assets classified in this category.

Impairment and un-collectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, any impairment loss is recognized in the profit or loss. Impairment is determined as follows:

- i) For assets carried at fair value, impairment is the difference between cost and fair value;
- ii) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash.

Financial liabilities*Initial recognition and measurement:*

The Company recognizes financial liabilities on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, all financial liabilities are recognized at fair value which is normally the transaction price.

Subsequent measurement:

Subsequent measurement of financial liabilities depends on how they have been treated on initial recognition. IAS 39 prescribes classification of the financial liabilities in one of the following two categories:

a) *Liabilities at fair value through profit and loss:* Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives. All changes in fair value relating to liabilities at fair value through profit and loss are charged to the profit or loss as incurred.

For the year ended on 31 March 2017, the Company did not carry any financial liabilities held for trading or designated as at fair value through profit and loss.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2017

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)**2.3 Significant accounting policies and disclosures** (*continued*)Financial liabilities (*continued*)

b) *Other financial liabilities:* All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Typically, accounts payable, accruals, amount due from related party and loan from related party are classified in this category. Items classified within this category are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Provisions

Provisions are recognized when the Company has a legal or constructive obligation arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current / non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Revenue recognition

Revenue represents commission income earned on rendering of services to related party during the year.

Foreign currencies

The Company invoices its customers mainly in USD. Accordingly, the USD is considered the Company's functional and reporting currency. Transactions denominated in foreign currencies are translated into USD and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the exchange rates ruling at the reporting date. Realized and unrealized foreign exchange gains and losses arising on translation are recognized in the profit or loss.

2.4 Significant accounting judgements, estimates and assumptions

In preparing its financial statements in conformity with International Financial Reporting Standards, The Company has to make significant judgment, estimates and assumptions that impact the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors such estimates and assumptions to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures from differing from estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2017

2 SIGNIFICANT ACCOUNTING POLICIES (*continued*)**2.4 Significant accounting judgements, estimates and assumptions** (*continued*)*Useful lives of fixed assets*

The Company's management determines the estimated useful lives of its fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

3 FIXED ASSETS

	<i>Office equipment</i> USD	<i>Furniture & fixtures</i> USD	<i>Total</i> USD
<i>Cost:</i>			
At 1 April 2015	50,469	53,018	103,487
Additions during the year	2,724	-	2,724
At 31 March 2016	53,193	53,018	106,211
Additions during the year	-	-	-
At 31 March 2017	53,193	53,018	106,211
<i>Depreciation:</i>			
At 1 April 2015	19,061	26,363	45,424
Charge for the year	11,049	8,884	19,933
At 31 March 2016	30,110	35,247	65,357
Charge for the year	7,694	5,923	13,617
At 31 March 2017	37,804	41,170	78,974
<i>Net book amounts:</i>			
At 31 March 2017	15,389	11,848	27,237
At 31 March 2016	23,083	17,771	40,854

4 ADVANCES, DEPOSITS AND PREPAYMENTS

	<i>31 March 2017</i> USD	<i>31 March 2016</i> USD
Staff advances	8,958	107,131
Refundable deposits	8,960	10,354
Prepayments	21,831	26,733
Other receivables	-	24,942
Total advances, deposits and prepayments	39,749	169,160

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2017

5 BANK BALANCES AND CASH

	<i>31 March 2017</i> <i>USD</i>	<i>31 March 2016</i> <i>USD</i>
Current accounts	658,250	125,937
Cash in hand	6,015	7,566
Total bank balances and cash	<u>664,265</u>	<u>133,503</u>

6 SHARE CAPITAL

The capital of the Company is AED 200,000, divided into 200 shares of AED 1,000 each, and held as under:

	%	<i>31 March 2017</i> <i>USD</i>	<i>31 March 2016</i> <i>USD</i>
Welspun Tradings Limited, India	100	<u>54,496</u>	<u>54,496</u>
		<u>54,496</u>	<u>54,496</u>

Capital management risk

The Company objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of the shareholder and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital

7 EMPLOYEES' END OF SERVICE BENEFITS

	<i>31 March 2017</i> <i>USD</i>	<i>31 March 2016</i> <i>USD</i>
Balance at 1 April	94,860	36,108
Add: Amount reversed/provided during the year (note 10)	(28,343)	69,996
Less: Amount paid	<u>(40,192)</u>	<u>(11,244)</u>
Balance at 31 March	<u>26,325</u>	<u>94,860</u>

8 RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, carries out transactions with other entities, which fall within the definition of related parties contained in International Accounting Standard No. (24). The rates and terms of the transactions are decided by the management. Transactions with related parties included in the financial statements are as follows:

	<i>31 March 2017</i> <i>USD</i>	<i>31 March 2016</i> <i>USD</i>
Commission income	3,330,222	1,601,623
Interest paid on loan	100,000	101,668

Remuneration of Key Management personnel

Salary and other benefits to Director and Manager	<u>306,612</u>	<u>549,144</u>
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NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2017

8(a) AMOUNTS DUE FROM RELATED PARTIES

	<i>31 March 2017</i> USD	<i>31 March 2016</i> USD
<u>Amount due from Parent Company:</u>		
Welspun Tradings Ltd	2,219,613	755,140
<u>Amount due from other group company:</u>		
Welspun Corp Ltd	<u>364,773</u>	<u>79,090</u>
Total amounts due from related parties	<u><u>2,584,386</u></u>	<u><u>834,230</u></u>

8(b) AMOUNTS DUE TO RELATED PARTIES

	<i>31 March 2017</i>	<i>31 March 2016</i>
<u>Amount due to Parent Company:</u>		
Welspun Tradings Ltd	<u>105,471</u>	<u>106,146</u>

8(c) LOAN FROM RELATED PARTY

	<i>31 March 2017</i> USD	<i>31 March 2016</i> USD
<u>Loan from Parent Company:</u>		
Welspun Tradings Ltd.	<u>2,000,000</u>	<u>2,000,000</u>
	<u><u>2,000,000</u></u>	<u><u>2,000,000</u></u>

The above amount represents loan from Parent Company which is unsecured and carries an interest charge of 5% per annum. The loan is repayable as per the terms of the loan agreement but latest by 31 December 2017. Accordingly, in the current year, the amount has been classified as Current liability.

9 REVENUE

	<i>Year ended</i> <i>31 March 2017</i> USD	<i>Year ended</i> <i>31 March 2016</i> USD
Commission income	<u>3,330,222</u>	<u>1,601,623</u>
	<u><u>3,330,222</u></u>	<u><u>1,601,623</u></u>

Commission is charged at the rate of 3% of the total invoice value to the Parent Company for providing marketing related services.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2017

10 GENERAL AND ADMINISTRATION EXPENSES

	<i>Year ended</i> 31 March 2017 USD	<i>Year ended</i> 31 March 2016 USD
Salaries and other staff cost	557,175	983,561
Employees' end of service benefits reversed/provided(note 7)	(28,343)	69,996
Depreciation on fixed asset (note 3)	13,617	19,933
Telephone and DEWA expenses	71,572	76,301
Medical insurance	25,161	28,740
Professional & consultancy fee	575,269	9,346
Marketing expenses	11,423	30,191
Rent	102,244	64,022
Travelling expenses	106,200	233,776
Other expenses	82,917	73,146
Motor vehicle expenses	4,414	7,025
Bank charges	1,621	1,288
Office expenses	33,190	20,918
	<u>1,556,460</u>	<u>1,618,243</u>

11 FINANCIAL INSTRUMENTS

The financial assets of the Company comprise bank balances and cash advances, deposits and amounts due from related parties. The financial liabilities of the Company comprise other payables and related party liabilities. The accounting policies for financial assets and liabilities are set out in note (2.3).

The following table summarizes the carrying amount of financial assets and liabilities recorded at 31 March by IAS 39 category:

	<i>31 March 2017</i> USD	<i>31 March 2016</i> USD
FINANCIAL ASSETS		
Cash and cash equivalents	664,265	133,503
Financial assets at fair value through the income statement		
- those designated as such upon initial recognition	-	-
- those classified as held for trading	-	-
Available for sale investments	-	-
Loans and receivables	2,602,304	976,657
Held-to-maturity investments	-	-
Total financial assets	<u>3,266,569</u>	<u>1,110,160</u>
FINANCIAL LIABILITIES		
At fair value through the income statement	-	-
Measured at amortised cost:		
- Borrowings	2,000,000	2,000,000
- Derivative financial instruments	-	-
- Other financial liabilities	680,730	148,067
Total financial liabilities	<u>2,680,730</u>	<u>2,148,067</u>

Fair value

The fair values of the Company's financial instruments are not materially different from their carrying values at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

31 March 2017

12 INFORMATION ON FINANCIAL RISKS

The main risks to which the Company is exposed are as under:

Credit risk

The Company's bank accounts are placed with reputable international banks. There is no credit risk in respect of trade receivables as all the receivables are from related party and amounts due from related parties are considered recoverable by the management.

Liquidity risk

The Company limits its liquidity risk by ensuring support funds from the Parent Company are available to it to meet financial liabilities. The amounts due to related party do not have a repayment schedule and are repayable as per convenience. The Company does expect to pay all external liabilities at their contractual maturity and expects to generate cash flows to be able to do so.

Interest rate risk

Interest rate risk mainly concerns financial liabilities. The financial liabilities are mainly fixed rates. All financial assets are non-interest bearing. The following table analyses financial liabilities by interest rate:

	2017	2016
	USD	USD
FINANCIAL LIABILITIES BY INTEREST RATE		
Non-interest bearing	680,730	148,067
Fixed rate	<u>2,000,000</u>	<u>2,000,000</u>
Balance at 31 March	<u><u>2,680,730</u></u>	<u><u>2,148,067</u></u>

Currency risk

The management closely monitors the exchange rate fluctuations to minimize foreign currency risk. All financial assets and liabilities are designated in USD or AED which is pegged in to the USD. Accordingly, currency risk on this front is minimal.