

**KALPATARU POWER DMCC**  
**JUMEIRAH LAKES TOWERS - UNITED ARAB EMIRATES**  
**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**31<sup>ST</sup> MARCH, 2018**

## **INDEPENDENT AUDITOR'S REPORT**

The Shareholders,  
**Kalpataru Power DMCC,**  
DMCC  
Dubai - U.A.E.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Kalpataru Power DMCC**, (The Company) Dubai, United Arab Emirates which comprise the statement of financial position as at 31<sup>st</sup> March, 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Kalpataru Power DMCC** as at 31<sup>st</sup> March, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

We also confirm that as required by the Dubai Metals & Commodities Centre, DMCC Regulations, 2003, as the same may be amended from time to time, the company has maintained proper books of accounts. To the best of our knowledge and belief, no violations of above-mentioned Law have occurred during the period, which would have had a material effect on the business of the establishment or on its financial position.

**For AIM Auditing**

M.NO.221418

Dubai  
2<sup>nd</sup> May, 2018

**KALPATARU POWER DMCC**  
**DMCC - UNITED ARAB EMIRATES**  
**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> MARCH, 2018**

	<u>Notes</u>	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS :</b>			
Property, Plant and Equipment	5	706,986	779,414
		<u>706,986</u>	<u>779,414</u>
<b>CURRENT ASSETS :</b>			
Other current assets	6	1,106,220	2,562,862
Cash and cash equivalents	7	2,304,508	625,191
		<u>3,410,728</u>	<u>3,188,053</u>
<b>TOTAL ASSETS</b>		<b><u>4,117,714</u></b>	<b><u>3,967,467</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES :</b>			
Share capital	2 & 8	1,000,000	1,000,000
Shareholders' current account	9	4,728,416	4,801,856
Accumulated Losses	10	(1,702,599)	(1,863,367)
		<u>4,025,817</u>	<u>3,938,489</u>
<b>NON-CURRENT LIABILITIES :</b>			
Employee end of service benefits		23,778	16,973
		<u>23,778</u>	<u>16,973</u>
<b>CURRENT LIABILITIES :</b>			
Trade & other payables	11	68,119	12,005
		<u>68,119</u>	<u>12,005</u>
<b>TOTAL LIABILITIES</b>		<u>91,897</u>	<u>28,978</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>4,117,714</u></b>	<b><u>3,967,467</u></b>

Notes on pages 9 to 17 form part of these financial statements.

**For KALPATARU POWER DMCC**

**Manager**

**KALPATARU POWER DMCC**  
**DMCC - UNITED ARAB EMIRATES**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

	<u>Notes</u>	<u>2018</u> <u>AED</u>	<u>2017</u> <u>AED</u>
<b>REVENUE</b>	12	<b>2,439,658</b>	<b>406,002</b>
Cost of sales	13	(1,666,500)	-
<b>GROSS PROFIT</b>		<b>773,158</b>	<b>406,002</b>
Administrative expenses	14	(612,390)	(1,406,714)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>160,768</b>	<b>(1,000,712)</b>

Notes on pages 9 to 17 form part of these financial statements.

**For KALPATARU POWER DMCC**

**Manager**

**KALPATARU POWER DMCC**  
**DMCC - UNITED ARAB EMIRATES**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

	<u>Share capital AED</u>	<u>Shareholder's current a/c AED</u>	<u>Accumulated losses AED</u>	<u>Total AED</u>
Balance as at 31.03.2016	1,000,000	2,891,770	(862,655)	3,029,115
Movements during the year	-	1,910,086	-	1,910,086
Net loss for the year	-	-	(1,000,712)	(1,000,712)
<b>Balance as at 31.03.2017</b>	<b><u>1,000,000</u></b>	<b><u>4,801,856</u></b>	<b><u>(1,863,367)</u></b>	<b><u>3,938,489</u></b>
Movements during the year	-	(73,440)	-	(73,440)
Net profit for the year	-	-	160,768	160,768
<b>Balance as at 31.03.2018</b>	<b><u>1,000,000</u></b>	<b><u>4,728,416</u></b>	<b><u>(1,702,599)</u></b>	<b><u>4,025,817</u></b>

Notes on pages 9 to 17 form part of these financial statements.

**For KALPATARU POWER DMCC**

**Manager**

**KALPATARU POWER DMCC**  
**DMCC - UNITED ARAB EMIRATES**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) for the year	160,768	(1,000,712)
Amortization & Depreciation	72,428	85,227
<b>Operating cash flows before working capital changes</b>	<u>233,196</u>	<u>(915,485)</u>
(Increase)/decrease in other current assets	1,456,642	(2,442,369)
Increase/(decrease) in trade and other payables	56,114	(30,301)
Increase/(decrease) in provisions	6,805	5,250
<b>Net cash from operating activities (A)</b>	<u>1,752,757</u>	<u>(3,382,905)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Property, plant and equipment - acquired	-	(7,697)
<b>Net cash (used in) investing activities (B)</b>	<u>-</u>	<u>(7,697)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Net changes in shareholders' account	(73,440)	1,910,086
<b>Net cash (used in) financing activities (C)</b>	<u>(73,440)</u>	<u>1,910,086</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,679,317	(1,480,516)
Cash and cash equivalents at beginning of year	625,191	2,105,707
<b>Cash and cash equivalents at end of year</b>	<u><u>2,304,508</u></u>	<u><u>625,191</u></u>

Notes on pages 9 to 17 form part of these financial statements.

**For KALPATARU POWER DMCC**

**Manager**

**KALPATARU POWER DMCC**  
**DMCC - UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

**1. LEGAL STATUS AND ACTIVITIES:**

The company was incorporated on 3<sup>rd</sup> August, 2011 as a free zone company and operates under the Trading License No. JLT-68158 issued by the Dubai Multi Commodities Centre, Dubai.

**Activities:** The Company is mainly engaged in the business of general trading, pipes & fittings, metal alloys trading.

**Management:** Mr. Abdulhusen Mubarak Ali Neemuchwala, an Indian National has been continued to serve as the manager of the company.

**Accounting period:**

These financial statements relate to the period from 1st April, 2017 to 31<sup>st</sup> March, 2018.

**2. SHARE CAPITAL:**

The authorized and issued share capital of the company is AED 1,000,000 divided into 1,000 share of AED 1,000 each held by the shareholder during the year is as follows:

<u>Sl No.</u>	<u>Name of Shareholders</u>	<u>Nationality</u>	<u>No. of Shares</u>	<u>Amount AED</u>	<u>%</u>
1.	M/s. Kalpataru Power Transmission (Mauritius) Limited	Mauritius	1,000	1,000,00	100
			<b><u>1,000</u></b>	<b><u>1,000,000</u></b>	<b><u>100</u></b>

**3. SIGNIFICANT ACCOUNTING POLICIES:**

**a) Basis of preparation:**

These financial statements have been prepared on the historical cost convention basis.



**b) Statement of compliance:**

These financial statements have been prepared in accordance with International Financial Reporting Standards and comply with Dubai local law No.2 of 2015 and implementing regulations issued there under by Dubai Multi Commodities Centre.

**c) Property & equipment:**

**i) Owned assets**

These are carried at cost less accumulated depreciation and impairment losses, if any. The cost comprises of purchase price, levies, duties and any directly attributable costs of bringing the asset to the location and working condition. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

**ii) Leased assets**

Assets acquired under finance lease are capitalized at cash price equivalent and the outstanding future lease obligations are shown as liability. The difference between the total payment and cash price equivalent is recognized as interest over the period of credit.

**iii) Subsequent costs**

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in the income statement as an expense when incurred.

#### **iv) Depreciation**

Depreciation is charged to the income statement on a written down value basis using rates as below:

Furniture & Fixtures	20%
Interiors	20%
Office Equipments	20%
Motor Vehicles	25%
Building	5%

#### **v) Disposals**

When an asset is sold or otherwise retired, the cost and related accumulated depreciation are removed from the accounts and any resultant gain or loss is taken to the income statement.

#### **d) Inventories:**

Inventories were valued at lower of cost or estimated net realisable value. The cost of inventory is determined on the First in First Out (FIFO) basis and includes expenditure incurred in acquiring the inventory and bringing them to their existing location and condition. Estimated net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of marketing and selling expenses.

#### **e) Impairment of assets:**

The carrying amount of the company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognized in the income statement whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

#### **f) Cash and cash equivalents:**

Cash and cash equivalents consist of cash and balances with bank and deposit with the banks maturing within three months of the date of deposit.

**g) Foreign currency transactions:**

The financial statements are presented in UAE Dirhams (AED), which is the establishment's functional and presentation currency. Transactions denominated in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into UAE Dirhams (AED) at the foreign exchange rate ruling at that date. Non monetary assets are measured in a foreign currency are translated using the exchange rate of the date when the fair value was determined.

**h) Employees' terminal benefits:**

Employee's end of service indemnity is computed in accordance with U.A.E. Labour Laws.

**i) Provisions:**

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits that can be reasonably estimated.

**j) Revenue:**

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue related to rendering of services is recognized in the accounting periods in which the services are rendered by reference to the stage of completion of the transaction when the outcome of transaction can be estimated reliably.

**4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

The management makes estimates, judgments and assumptions that affect the application of accounting policies, reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**b) Useful life and residual value of property, plant and equipment:**

The company reviews the useful life and residual value of property, plant and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on expected usage of the assets, expected physical wear and tear etc.,

**c) Employee terminal benefits:**

Provision for employee terminal benefits is made on the assumption that all the employees of the company will be employed with the company at least for three years.

**5 PROPERTY, PLANT AND EQUIPMENT:**

		<u>Furniture &amp; fixtures</u> <u>AED</u>	<u>Interiors</u> <u>AED</u>	<u>Office equipment</u> <u>AED</u>	<u>Motor vehicle</u> <u>AED</u>	<u>Building</u> <u>AED</u>	<u>Total</u> <u>AED</u>
<b>COST :</b>	31.03.2017	132,478	254,759	24,939	113,500	741,261	1,266,937
	Additions	-	-	-	-	-	-
	31.03.2018	<u>132,478</u>	<u>254,759</u>	<u>24,939</u>	<u>113,500</u>	<u>741,261</u>	<u>1,266,937</u>
<b>ACCUMULATED DEPRECIATION :</b>	31.03.2017	86,355	166,062	12,076	56,972	166,058	487,523
	Charge for the year	9,224	17,740	2,572	14,132	28,760	72,428
	31.03.2018	<u>95,579</u>	<u>183,802</u>	<u>14,648</u>	<u>71,104</u>	<u>194,818</u>	<u>559,951</u>
<b>NET BOOK VALUE :</b>	<b>31.03.2018</b>	<b><u>36,899</u></b>	<b><u>70,957</u></b>	<b><u>10,291</u></b>	<b><u>42,396</u></b>	<b><u>546,443</u></b>	<b><u>706,986</u></b>
	31.03.2017	<u>46,123</u>	<u>88,697</u>	<u>12,863</u>	<u>56,528</u>	<u>575,203</u>	<u>779,414</u>

**6 OTHER CURRENT ASSETS:**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Labour guarantee deposits	12,000	12,000
Prepayments	71,641	70,883
Refundable commission & interest*	1,010,732	2,456,344
Other receivables	187	-
Other advances	11,660	23,635
	<u>1,106,220</u>	<u>2,562,862</u>

\* This represent commission and interest receivable from Standard Chartered Bank on bank guarantee provided by them, which was subsequently cancelled during the FY 2016-17.

**7 CASH AND CASH EQUIVALENTS:**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Cash in hand	15,624	6,487
Cash at bank : Current accounts	2,288,884	618,704
	<u>2,304,508</u>	<u>625,191</u>

**8 SHARE CAPITAL:**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
<b>Authorised</b>		
1,000 (as at March 31, 2017 - 1,000) Shares of AED 1,000 each	1,000,000	1,000,000
Total	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and Paid-up</b>		
1,000 (as at March 31, 2017 - 1,000) Shares of AED 1,000 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>

**9 SHAREHOLDERS' CURRENT ACCOUNT:**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of the year	4,801,856	2,891,770
Net movements during the year	(73,440)	1,910,086
	<u>4,728,416</u>	<u>4,801,856</u>

**10 ACCUMULATED LOSSES:**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of year	(1,863,367)	(862,655)
Net Profit / (Loss) for the year	160,768	(1,000,712)
	<u>(1,702,599)</u>	<u>(1,863,367)</u>

**11 TRADE & OTHER PAYABLES:**

	<u>2018</u>	<u>2017</u>
	<u>AED</u>	<u>AED</u>
Accounts payables	3,749	-
Accrued expenses-others	64,370	12,005
	<u>68,119</u>	<u>12,005</u>

**12 REVENUE:**

	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b><u>AED</u></b>	<b><u>AED</u></b>
Sale of Goods	1,691,500	-
Trade Commission	748,158	406,002
<b>Total revenue</b>	<b><u>2,439,658</u></b>	<b><u>406,002</u></b>

**GEOGRAPHICAL ANALYSIS:**

U.A.E	-	-
Other Countries	<u>2,439,658</u>	<u>406,002</u>

**13 COST OF SALES:**

	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b><u>AED</u></b>	<b><u>AED</u></b>
Purchase of Goods	1,666,500	-
	<u>1,666,500</u>	<u>-</u>

**14 ADMINISTRATIVE EXPENSES:**

	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b><u>AED</u></b>	<b><u>AED</u></b>
Salaries, Allowances & benefits	341,672	268,077
Office expenses	51,911	54,211
License & fees	70,794	73,735
Bank charges	6,927	98,590
Bank guarantee commission	-	508,898
Insurance	8,610	6,030
Professional & consultancy fees	9,000	263,040
Communication	9,231	8,190
Travel & conveyance	21,890	19,489
Vehicle maintenance	6,032	4,673
Water & electricity	3,908	3,795
Visa expenses	7,485	9,130
Depreciation	72,428	85,227
Miscellaneous expenses	2,502	3,629
	<u>612,390</u>	<u>1,406,714</u>

**15 FINANCIAL INSTRUMENTS AND MANAGEMENT OF RISKS:****Financial instruments :**

The Company's principal financial assets are cash and bank balances and trade and other receivables while financial liabilities include trade and other payables.

**Credit risk :**

The credit risk on liquid funds is limited because the company maintains its accounts and deposits in banks with high credit ratings. The Company's Credit risk is primarily attributable to its trade receivables.

**Currency risk :**

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or US Dollars to which the conversion of Dirhams into US Dollar is fixed.

**Fair value :**

The fair values of the company's financial assets and liabilities are not materially different from their carrying values.

**16 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS:**

Except ongoing purchase commitments in the normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitments on the company's account.

**17 COMPARATIVE FIGURES:**

Previous year's figures have been regrouped and reclassified wherever necessary to make them comparable to those of the current year.

**18 LEVEL OF PRECISION:**

All figures are rounded off to the nearest Arab Emirate Dirham (AED).