

# Narendra Poddar & Co.

CHARTERED ACCOUNTANTS

Narendra Poddar

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Date .....

## INDEPENDENT AUDITOR'S REPORT

To the Members of ALOK GLOBAL TRADING (MIDDLE EAST) FZE

### Report on the Financial Statements

1. We have audited the accompanying financial statements of ALOK GLOBAL TRADING (MIDDLE EAST) FZE ("the Company"), which comprise the Balance Sheet as at September 12, 2017, the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are 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.

### Auditor's 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 thereunder. 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, 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 on the financial statements.



## ALOK GLOBAL TRADING (MIDDLE EAST) FZE


### Opinion

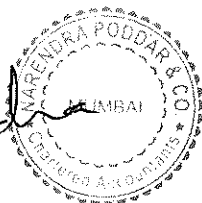
6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair-view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 12th September 2017, and its profit/loss and its cash flows for the period from April 01, 2017 to September 12, 2017.

### Report on Other Legal and Regulatory Requirements

7. 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 state that this section is not applicable to the Company.
8. As required by section 143(3) of the Act, we further 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 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 comply with the applicable 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 **September 12, 2017**, and taken on record by the Board of Directors, none of the directors is disqualified as on **September 12, 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 A"
  - g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014::
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
    - iii. There has not been an occasion in case of the Company during the period under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For Narendra Poddar & Co.  
Chartered Accountants  
FRN No. 106915W

  
Narendra Poddar, Proprietor  
Membership No. 041256  
Mumbai, 16<sup>th</sup> July, 2018



**"Annexure A" to the Independent Auditor's Report of even date on the Financial Statements of ALOK GLOBAL TRADING (MIDDLE EAST) FZE**

**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 ALOK GLOBAL TRADING (MIDDLE EAST) FZE ("the Company") as of September 12, 2017 in conjunction with our audit of the financial statements of the Company for the period 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 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, including 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 judgment, including the assessment of the risks of material misstatement 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



## ALOK GLOBAL TRADING (MIDDLE EAST) FZE

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, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at September 12, 2017 based on 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.

For Narendra Poddar & Co.  
Chartered Accountants  
FRN No. 106915W

*Narendra Poddar*



Narendra Poddar, Proprietor  
Membership No. 041256  
Mumbai – 16<sup>th</sup> July, 2018

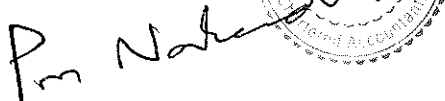

**ALOK GLOBAL TRADING (MIDDLE EAST) FZE**  
**BALANCE SHEET AS AT 12th SEPTEMBER 2017**

PARTICULARS	NOTES	AS AT 12-Sep-17 Rupees	AS AT 12-Sep-17 AED	AS AT 31-Mar-17 Rupees	AS AT 31-Mar-17 AED
<b>I ASSETS</b>					
<b>1) Current Assets</b>					
a) Financial Assets					
i) Cash and cash equivalents	3	-	-	7,39,652	41,924
b) Other Current Assets	4	-	-	3,47,614	19,703
<b>TOTAL</b>		-	-	<b>10,87,266</b>	<b>61,627</b>
<b>II EQUITY</b>					
<b>1) Equity</b>					
a) Equity Share capital	5	-	-	16,550	1,000
b) Other equity	6	-	-	(1,36,26,19,813)	(7,72,34,314)
		-	-	(1,36,26,03,263)	(7,72,33,314)
<b>2) Current Liabilities</b>					
a) Financial liabilities					
i) Borrowings	7	-	-	1,36,36,28,779	7,72,91,441
ii) Trade Payables	8	-	-	44,107	2,500
b) Other current liabilities	9	-	-	17,643	1,000
<b>TOTAL</b>		-	-	<b>10,87,266</b>	<b>61,627</b>

**III** Significant notes forming part of the financial statements 1 to 20

As per our report of even date

**For Narendra Poddar & Co.**  
Chartered Accountants  
FRN No. 106915W

**Narendra Poddar, Proprietor**  
Membership No. 041256

Mumbai, 16th July, 2018

**For and on behalf of the Board**

Director



Director

**ALOK GLOBAL TRADING (MIDDLE EAST) FZE**

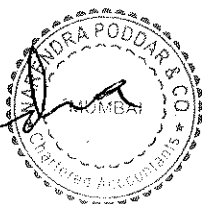
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 12TH SEPTEMBER 2017**

PARTICULARS	NOTES	Period ended 12-SEP-17		Period ended 31-Mar-17	
		Rupees	AED	Rupees	AED
<b>I. INCOME</b>					
Other Income	10	3,71,179	21,155	15,49,100	84,847
Other Income		1,35,51,14,028	7,72,33,403	-	-
<b>Total (I)</b>		<b>1,35,54,85,207</b>	<b>7,72,54,558</b>	<b>15,49,100</b>	<b>84,847</b>
<b>II. EXPENSES</b>					
Finance cost	11	-	-	87,53,30,134	4,79,43,410
Other expenses	12	3,55,194	20,244	14,88,721	81,540
<b>Total (II)</b>		<b>3,55,194</b>	<b>20,244</b>	<b>87,68,18,855</b>	<b>4,80,24,950</b>
<b>III. Net loss for the period before translation difference ( I - II )</b>					
<b>IV. Net Profit/loss for the period</b>		<b>1,35,51,30,013</b>	<b>7,72,34,314</b>	<b>(87,52,69,755)</b>	<b>(4,79,40,103)</b>
<b>V. Other Comprehensive Income</b>					
<b>A</b> (i) Items that will not be reclassified to profit or loss		-	-	-	-
(ii) Income tax relating to Items that will not be reclassified to profit or loss		-	-	-	-
<b>B</b> (i) Items that will be reclassified to profit or loss					
- Net exchange Profit/Loss on translation		74,89,800	-	(62,18,517)	-
(ii) Income tax relating to Items that will be reclassified to profit or loss		-	-	-	-
<b>V. TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,36,26,19,813</b>	<b>7,72,34,314</b>	<b>(88,14,88,272)</b>	<b>(4,79,40,103)</b>
<b>VI. EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>					
Basic	14	1,35,51,30,013	7,72,34,314	(87,52,69,755)	(4,79,40,103)
Diluted	14	1,35,51,30,013	7,72,34,314	(87,52,69,755)	(4,79,40,103)

**VII.** Significant notes forming part of the financial statements 1 to 20

As per our report of even date

**For Narendra Poddar & Co.**  
Chartered Accountants  
FRN No. 106915W



*Narendra Poddar*  
Narendra Poddar, Proprietor

Membership No. 041256

Mumbai, 16th July, 2018

**For and on behalf of the Board**

Director

*[Signature]*  
Director

**ALOK GLOBAL TRADING (MIDDLE EAST) FZE**

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 12TH SEPTEMBER 2017**

PARTICULARS	From 1-Apr-17 to 12-Sep-17		From 1-Apr-16 to 31-Mar-17	
	Rupees	AED	Rupees	AED
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax	1,36,26,19,813	7,72,34,314	(83,48,12,833)	(4,79,40,103)
Adjustments for :				
Unrealised exchange loss	(74,89,800)	-	(4,04,56,922)	-
Depreciation			-	-
<b>Operating Profit before working capital changes</b>	<b>1,35,51,30,013</b>	<b>7,72,34,314</b>	<b>(87,52,69,755)</b>	<b>(4,79,40,103)</b>
Adjustments for :				
Increase in current liabilities & provisions	(1,36,36,90,529)	(7,72,94,941)	(2,93,89,654)	(23,232)
Increase in trade receivables				
(Increase) in loans and advances	3,47,614	19,703	86,38,25,811	4,79,43,301
<b>Net cash used in operating activities (A)</b>	<b>(82,12,902)</b>	<b>(40,924)</b>	<b>(4,08,33,598)</b>	<b>(20,034)</b>
<b>B) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of equity share capital	(16,550)	(1,000)	-	-
<b>Net cash generated from Financing activities (B)</b>	<b>(16,550)</b>	<b>(1,000)</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash and Cash equivalents (A+B)</b>	<b>(82,29,452)</b>	<b>(41,924)</b>	<b>(4,08,33,598)</b>	<b>(20,034)</b>
<b>Cash and Cash equivalents at the beginning of the period</b>	<b>7,39,652</b>	<b>41,924</b>	<b>11,16,328</b>	<b>61,958</b>
Effect of exchange rate change on cash and cash equivalent	74,89,800	-	4,04,56,922	-
<b>Cash and Cash equivalents at the end of the period</b>	<b>-</b>	<b>-</b>	<b>7,39,652</b>	<b>41,924</b>

**NOTES TO CASH FLOW STATEMENT**

1 Cash and Cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Particulars	AS AT 12 SEPTEMBER 2017		AS AT 31 MARCH 2017	
	Rupees	AED	Rupees	AED
Cash and Cash equivalents as per Balance sheet	-	-	7,39,652	41,924
<b>Cash and Cash equivalents as restated at the end of the year</b>	<b>-</b>	<b>-</b>	<b>7,39,652</b>	<b>41,924</b>

2 The Cash Flow Statement has been prepared in accordance with the requirements of Indian Accounting Standard (IND AS) 7 "Statement of Cash Flows".

As per our report of even date

**For Narendra Poddar & Co.**  
Chartered Accountants  
FRN No. 106915W



*Narendra Poddar*

**Narendra Poddar, Proprietor**  
Membership No. 041256

Mumbai, 16th July, 2018

**For and on behalf of the Board**

Director

*[Signature]*

Director

## CORPORATE INFORMATION

Alok Global Trading (Middle East) FZE was incorporated on 7th July 2014 as a Free Zone Establishment with limited liability pursuant to Law No. 2 of 1996 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and implementing regulations issued thereunder by the Dubai Airport Free Zone Authority and is a wholly owned subsidiary of Alok Industries Limited, a Company incorporated in India. The company is engaged in the business of providing marketing services and trading in home textile products, apparels fabrics, garments and polyester yarns. These financial statements of the company are prepared solely for the purpose of consolidation by the holding company. The company has been wound up effective 12<sup>th</sup> September, 2017.

### NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation:

##### i) Compliance with Ind AS:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, hereinafter referred to as Ind AS.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

##### ii) Historical cost convention:

The Financial Statements have been prepared on a historical cost basis, except for the following:

- a. certain financial assets and liabilities that are measured at fair value;
- b. assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- c. defined benefit plans - plan assets measured at fair value;

##### iii) Translation to Indian Rupees:

The accounts are maintained in United Arab Emirate Dirham (AED) being currency of United Arab Emirates (UAE). Considering the operations of the company as integral to the holding company, the financial statements have been translated into Indian Rupees on the following basis-

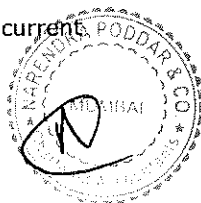
- All income and expenses are translated at the average rate of exchange prevailing during the period.
- Monetary assets and liabilities are translated at the closing rate on the balance sheet date.
- Non-monetary assets and liabilities and share capital is translated at historical rates.
- The resulting exchange difference is accounted in Exchange difference on translation account and charged / credited to Statement of Profit and Loss.
- The aforesaid items as translated are considered for the purpose of cash flow statement.

#### b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised 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 the 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

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

### c) Revenue recognition:

#### i) Timing of recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods, the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities of the Company. This generally happens upon dispatch of the goods to customers, except for export sales which are recognised when significant risk and rewards are transferred to the buyer as per the terms of contract.

Eligible export incentives are recognised in the year in which the conditions precedent is met and there is no significant uncertainty about the collectability.

#### ii) Measurement of revenue:

Revenue is measured at the fair value of the consideration received or receivable, after the deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the Government which are levied on sales such as sales tax, value added tax, etc.

Revenue includes excise duty as it is paid on production and is a liability of the manufacturer. Discounts given include rebates, price reductions and other incentives given to customers. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sale

The volume discounts are assessed based on anticipated annual purchases.

#### Rental Income

The Company's policy for recognition of revenue from operating leases is described in Note 1 (e) below.

#### Interest Income

For all debt instruments measured at amortised cost, interest income is measured using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.



Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**d) Leases:**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Company as a lessee:**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

**Company as a lessor:**

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**e) Fair Value Measurement**

The Company measures financial instruments, such as Derivatives, at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of the principal market, in the most advantageous market for the asset or liability.



The principal or the most advantageous market must be accessible by the company. The fair value of asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External Valuers are involved for valuation of significant assets such as certain items or property, plant and equipment. For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**f) Cash and cash equivalents:**

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

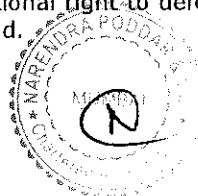
**g) Offsetting financial instruments:**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**h) Borrowings:**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income | (expense). Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.



**i) Borrowing costs:**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

**j) Provisions and contingent liabilities:**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of best estimate of the Management of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**k) Earnings per share:**

**Earnings per share (EPS)** are calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity shares outstanding during the period. Earnings considered in ascertaining the EPS is the net profit for the period and any attributable tax thereto for the period. The treasury shares are not considered as outstanding equity shares for computing EPS.

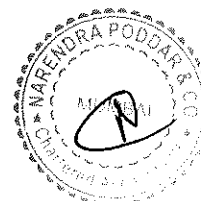
**l) Foreign Currency Transactions**

Foreign Currency Transactions are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in Foreign Currency are reported at the exchange rate prevailing on the balance sheet date. Exchange differences relating to long term monetary items are dealt with in the following manner:

- Exchange differences relating to long term monetary items, arising during the period, in so far as those relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset
- In other cases, such differences are accumulated in the "Foreign Currency Monetary Translation Difference Account" and amortised to the statement of profit and loss over the balance life of the long term monetary item.

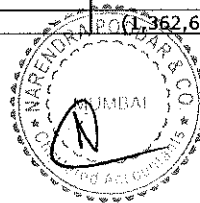
All other exchange differences are dealt with in profit or loss.



**ALOK GLOBAL TRADING (MIDDLE EAST) FZE****NOTE:2****Statement of Changes in Equity for the period ended 12 September 2017**

<b>A) EQUITY SHARE CAPITAL</b>	<b>As At 12 September 2017</b>		<b>As At 31 March 2017</b>	
	<b>INR</b>	<b>AED</b>	<b>INR</b>	<b>AED</b>
Balance at the beginning of the reporting period	-	-	16,550.00	1,000.00
Changes in Equity Share Capital during the period	-	-	-	-
<b>Balance at the end of the reporting period</b>	<b>-</b>	<b>-</b>	<b>16,550.00</b>	<b>1,000.00</b>

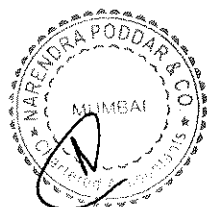
<b>B) OTHER EQUITY</b>	Retained earnings		Total Equity attributable to equity holders of the Company	
	<b>INR</b>	<b>AED</b>	<b>INR</b>	<b>AED</b>
Balance as at 31st March, 2017	(1,362,619,813.00)	(77,234,314.00)	(527,806,980.00)	(29,294,211.00)
Addition/Reduction during the Year	1,362,619,813.00	77,234,314.00	(834,812,833.00)	(47,940,103.00)
Balance as of September 12, 2017	-	-	(1,362,619,813.00)	(77,234,314.00)



**ALOK GLOBAL TRADING (MIDDLE EAST) FZE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 12TH SEPTEMBER 2017**

PARTICULARS	AS AT 12-Sep-17 Rupees	AS AT 12-Sep-17 AED	AS AT 31-Mar-17 Rupees	AS AT 31-Mar-17 AED
<b>3. CASH AND CASH EQUIVALENTS</b>				
Cash and Cash Equivalents				
Balances with Bank				
In Current accounts	-	-	739,652	41,924
	-	-	739,652	41,924
<b>4. OTHER CURRENT ASSETS</b>				
Prepaid expenses	-	-	347,614	19,703
	-	-	347,614	19,703
<b>5. EQUITY SHARE CAPITAL</b>				
<b>Authorised Shares</b>				
1 Equity Share of AED 1,000 each	-	-	16,550	1,000
	-	-	16,550	1,000
<b>Issued, Subscribed and fully Paid Up</b>				
1 Equity Share of AED 1,000 each	-	-	16,550	1,000
	-	-	16,550	1,000
<b>Additional information :</b>				
a) The company has been incorporated as a wholly owned subsidiary of Alok Industries Limited and there has been no change in the share capital since incorporation. The company has been wound up wef 12th September, 2017.				
b) <b>Terms/rights attached to equity shares</b>				
The company has only one class of equity shares having a par value of AED 1,000 per share. Each holder of equity share is entitled to one vote per share. The shareholders are entitled for dividend in AED as and when recommended by the Board of Directors and approved by the shareholders at the Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holder.				
<b>6. OTHER EQUITY</b>				
<b>Surplus in the Statement of Profit and Loss</b>				
Opening Balance of Loss	(1,362,619,813)	(77,234,314)	(527,806,980)	(29,294,211)
Profit / (Loss) for the period	1,362,619,813	77,234,314	(834,812,833)	(47,940,103)
	-	-	(1,362,619,813)	(77,234,314)
<b>7. BORROWINGS</b>				
Advance received from Holding Company	-	-	598,969,981	33,950,041
Loan from related parties	-	-	764,658,798	43,341,400
	-	-	1,363,628,779	77,291,441
<b>8. TRADE PAYABLES</b>				
Outstanding Expenses	-	-	44,107	2,500
	-	-	44,107	2,500
<b>9. OTHER CURRENT LIABILITIES</b>				
Others			17,643	1,000
	-	-	17,643	1,000
<b>10. REVENUE FROM OPERATIONS</b>				
Sale of Services				
Service Charges from Holding Company	371,179	21,155	1,549,100	84,847
Sundry Balances w/o	1,355,114,028	77,233,403		
	1,355,485,207	77,254,558	1,549,100	84,847
<b>11. FINANCE COST</b>				
Interest expense	-	-	-	-
Other borrowing cost	-	-	875,330,134	47,943,410
	-	-	875,330,134	47,943,410



## 12. OTHER EXPENSES

Rent	274,414	15,640	1,103,542	60,443
Conveyance expenses	-	-	-	-
Legal & profession charges	-	-	-	-
Insurance charges	5,492	313	23,005	1,260
Commission	-	-	-	-
Fees rates & taxes	65,796	3,750	292,486	16,020
Exchange rate difference loss (net)	-	-	-	-
Auditors Remuneration (including service tax)	-	-	36,515	2,000
Miscellaneous Expenses (Includes Bank charges, Travelling expenses, Membership & subscription, Vehicle Expense etc.)	9,492	541	33,173	1,817
	<b>355,194</b>	<b>20,244</b>	<b>1,488,721</b>	<b>81,540</b>

## 13. RELATED PARTIES DISCLOSURES

As per Accounting Standard AS (AS) 18 "Related Party Disclosures", Company's related parties disclosed as below:

### I Names of related party and nature of relationship

Alok Industries Limited	Holding Company
Alok Industries International Limited	Fellow Subsidiary

### II Transactions with Related parties

Particulars of transaction / balance	With Related Parties As At 12.09.2017		With Related Parties As At 31.03.2017	
	In Rupees	In AED	In Rupees	In AED
<b>Equity Share Capital</b>				
<b>Alok Industries Limited</b>				
Balance as at 1-April	16,550	1,000	16,550	1,000
Received during the year	(16,550)	(1,000)	(16,550)	(1,000)
	-	-	-	-
Balance as at 12th September, 2017	16,550	1,000	16,550	1,000
	(16,550)	(1,000)	(16,550)	(1,000)
<b>Short Term Loans &amp; Advances</b>				
<b>Alok Industries Limited</b>				
Balance as at 1-April	598,969,981	33,950,041	612,122,455	33,973,773
	(612,122,455)	(33,973,773)	(3,003,825)	(181,500)
Received during the year	(598,969,981)	(33,950,041)	(418,696)	(23,732)
	-	-	(609,118,630)	(33,792,273)
Exchange Rate Difference (FCTR)	-	-	(12,733,778)	-
	-	-	-	-
Balance as at 12th September, 2017	-	-	598,969,981	33,950,041
	(612,122,455)	(33,973,773)	(612,122,455)	(33,973,773)
<b>Short Term borrowings</b>				
<b>Alok Industries International Limited</b>				
Balance as at 1-April	764,658,798	43,341,400	780,903,675	43,341,400
	(780,903,675)	(43,341,400)	-	-
Received during the year	(764,658,798)	(43,341,400)	-	-
	-	-	(16,244,877)	-
Exchange Rate Difference (FCTR)	-	-	-	-
	-	-	-	-
Balance as at 12th September, 2017	-	-	764,658,798	43,341,400
	(780,903,675)	(43,341,400)	(780,903,675)	(43,341,400)
<b>Income</b>				
Service Charges Received				
Alok Industries Limited	371,179	21,155	1,549,100	84,847
	(1,549,100)	(84,847)	(1,349,457)	(75,771)

Note: Previous period figures are given in brackets.



**14. EARNINGS PER SHARE**

Particulars	Year ended 12 September 2017		Year ended 31 March 2017	
	Amount (INR)	Amount (AED)	Amount (INR)	Amount (AED)
Net Profit / (loss) for the period	1,35,51,30,013	7,72,34,314	(87,52,69,755)	(4,79,40,103)
Weighted average number of equity shares	1	1	1	1
Nominal Value of equity share	N.A.	1,000	N.A.	1,000
Basic and Diluted Earning per share	1,35,51,30,013	7,72,34,314	(87,52,69,755)	(4,79,40,103)

15. The company has been wound up effective 12th September, 2017. Closure Certificate has been issued by Dubai Airport Freezone Authority vide its letter dated 19th September, 2017.
16. Audit Fees in relation to the audit of the company for the period shall be paid by the Holding Company.
- 17. EXPENDITURE FOREIGN CURRENCY**  
All transactions reflected in these financial statements are in foreign currency i.e. other than Indian rupees.
18. The company was incorporated on 7th July, 2014. The information contained in these financial statements is for the period ended 12th September, 2017 disclosed in AED, which is extracted from the books of accounts locally maintained and converted into Indian rupees as disclosed under 'basis of preparation' stated above. Such disclosures in AED are only for additional information.
19. The amounts in balance sheet, statement of profit and loss and cash flow statement are rounded off to the nearest rupee/AED. Previous period figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.
19. This Company is a Foreign Company and Subsidiary of an Indian Company. Hence there was no dealing in Indian Currency. Henceforth Rule 11D of the Companies (Audit & Auditors) Amendment Rules 2017 is not applicable.
20. Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current period's classification / disclosure and are given in brackets.

Signatures to Notes 1 to 20

For Narendra Poddar & Co.  
Chartered Accountants  
FRN No. 106915W



*Narendra Poddar*

Narendra Poddar, Proprietor  
Membership No. 041256

Mumbai, 16th July, 2018

For and on behalf of the Board

Director

*[Signature]*

Director