ELECTROSTEEL BAHRAIN HOLDING SPC

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

Shareholder	:	Electrosteel Castings Limited
Office	:	Flat 1, Building 966, Road 5217, Block 952 Ras Zuwayed, Kingdom of Bahrain Telefax: 77322288
Banker	:	Standard Chartered Bank
Auditors	:	KPMG Fakhro

Electrosteel Bahrain Holding SPC

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2018

CONTENTS Page

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER

Electrosteel Bahrain Holding SPC
Ras Zuwayed, Kingdom of Bahrain

Report on the audit of the consolidated financial statements

Opinion
We have audited the accompanying consolidated financial statements of Electrosteel Bahrain Holding SPC (the "Company") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards 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.

Other information
The board of directors is responsible for the other information. The other information obtained at the date of this auditors' report is the *report of the board of directors* set out on page 1.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors for the consolidated financial statements
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group'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 the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

KPMG

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER (continued)

Electrosteel Bahrain Holding SPC
Ras Zuwayed, Kingdom of Bahrain

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.

- Conclude on the appropriateness of the board of directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors 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 regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
b) the financial information contained in the report of the board of directors is consistent with the consolidated financial statements;
c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law or the terms of the Company's article of association that would have had a material adverse effect on the business of the Company or on its consolidated financial position; and
d) satisfactory explanations and information have been provided to us by management in response to all our requests.

KPMG

KPMG Fakhro
Partner Registration No. 136
30 April 2018

REPORT OF THE BOARD OF DIRECTORS
For the year ended 31 March 2018

Bahraini Dinars

In accordance with Article 286 of the Bahrain Commercial Companies Law 2001, on behalf of the board of directors, I have pleasure in presenting the audited consolidated financial statements of Electrosteel Bahrain Holding SPC (the "Company") and its subsidiary (together the "Group") for the year ended 31 March 2018 as set out on pages 4 to 20.

Financial highlights	2018	2017
Revenue	**2,990,593**	2,231,283
Gross profit	**631,023**	464,205
Profit for the year	**277,568**	144,029
Total assets	**988,742**	1,131,825
Total equity	**654,340**	376,772

Representations and audit

The Group's activities for the year ended 31 March 2018 have been conducted in accordance with the Bahrain Commercial Companies Law 2001 and other relevant statutes of the Kingdom of Bahrain.

There have been no events subsequent to 31 March 2018, which would in any way, invalidate the consolidated financial statements as set out on pages 4 to 20.

The Group has maintained proper and complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors, KPMG Fakhro.

On behalf of the board of directors,

Awadh Shukla

Awadh Prakash Shukla
Director

24 April 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

Bahraini Dinars

	Note	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	124,476	137,947
Total non-current assets		**124,476**	137,947
Current assets			
Inventories	6	636,854	577,248
Trade and other receivables	7	110,469	369,135
Cash and cash equivalents	8	116,943	47,495
Total current assets		**864,266**	993,878
Total assets		**988,742**	1,131,825
EQUITY AND LIABILITIES			
Equity			
Share capital	1	250,000	250,000
Statutory reserve		42,160	14,403
Retained earnings		362,180	112,369
Total equity (page 6)		**654,340**	376,772
Liabilities			
Non-current liabilities			
Provision for employees' leaving indemnities	9	1,079	681
Total non-current liabilities		**1,079**	681
Current liabilities			
Due to related parties	10 b)	266,965	659,635
Trade and other payables	11	66,358	94,737
Total current liabilities		**333,323**	754,372
Total liabilities		**334,402**	755,053
Total equity and liabilities		**988,742**	1,131,825

Awadh Shukla

Awadh Prakash Shukla
Director

Shivendra Agarwal

Shivendra Nath Agarwal
Director

The board of directors approved the consolidated financial statements consisting of pages 4 to 20 on 24 April 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

Bahraini Dinars

	Note	2018	2017
REVENUE	12	**2,990,593**	2,231,283
Cost of sales	13	(2,359,570)	(1,767,078)
Gross profit		**631,023**	464,205
General and administrative expenses	14	(89,291)	(83,140)
Staff costs	15	(59,742)	(57,783)
Bank charges	16	(178,271)	(144,026)
Selling and distribution expenses		(12,171)	(21,616)
Depreciation	5	(14,963)	(14,841)
Other income		983	1,230
Profit for the year		**277,568**	144,029
Other comprehensive income		-	-
Total comprehensive income for the year		**277,568**	144,029

Awadh Shukla

Awadh Prakash Shukla
Director

Shivendra Agarwal

Shivendra Nath Agarwal
Director

The board of directors approved the consolidated financial statements consisting of pages 4 to 20 on 24 April 2018.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2018 Bahraini Dinars

2018	**Share capital**	**Statutory reserve**	**Retained earnings**	**Total**
At 1 April 2017	250,000	14,403	112,369	376,772
Total comprehensive income for the year (page 5)	-	-	277,568	277,568
Transfer to statutory reserve	-	27,757	(27,757)	-
At 31 March 2018	**250,000**	**42,160**	**362,180**	**654,340**

2017	Share capital	Statutory reserve	(Accumulated losses) / retained earnings	Total
At 1 April 2016	250,000	-	(17,257)	232,743
Total comprehensive income for the year (page 5)	-	-	144,029	144,029
Transfer to statutory reserve	-	14,403	(14,403)	-
At 31 March 2017	250,000	14,403	112,369	376,772

The consolidated financial statements consist of pages 4 to 20.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2018 Bahraini Dinars

	Note	2018	2017
OPERATING ACTIVITIES			
Receipts from customers		3,234,332	2,275,350
Payments to suppliers		(2,825,106)	(1,957,143)
Payments for operating expenses		(178,489)	(187,546)
Others income		757	1,230
Net cash generated from operating activities		**73,223**	131,891
INVESTING ACTIVITIES			
Payment for acquisition of property, plant and equipment	5	(3,775)	(3,714)
Net cash used in investing activities		**(3,775)**	(3,714)
FINANCING ACTIVITIES			
Loan repayments to a related party		-	(109,573)
Net cash used in financing activities		**-**	(109,573)
Net increase in cash and cash equivalents during the year		**69,448**	18,604
Cash and cash equivalents at 1 April		47,495	28,891
Cash and cash equivalents at 31 March	8	**116,943**	47,495

1 STATUS AND OPERATIONS

Electrosteel Bahrain Holding SPC (the "Company") is a single person Company registered with the Ministry of Industry, Commerce and Tourism in the Kingdom of Bahrain under commercial registration number 92991-1 on 17 March 2015.

The consolidated financial statements of the Group as at and for the year ended 31 March 2018 comprise the Company and its subsidiary (together referred to as the 'Group' and individually as a 'Company').

The Company's authorised, issued a fully paid up share capital of BD 250,000 comprising of 2,500 shares of BD 100 each and is held by Electrosteel Casting Limited, India.

The Company is engaged in activities of holding companies.

Subsidiary company

Electrosteel Bahrain Trading WLL
Electrosteel Bahrain Trading WLL is a limited liability Company registered with the Ministry of Industry, Commerce and Tourism in the Kingdom of Bahrain under commercial registration number 95221-1 on 12 October 2015. The Company is engaged in import, export and sales of ductile iron pipes, fittings and accessories for water transmission.

The financial statements of Electrosteel Bahrain Holding SPC and Electrosteel Bahrain Trading WLL as at the reporting date are consolidated as per IFRS 10. Under IFRS 10, an entity must consolidate an entity, where in substance it controls the entity. Electrosteel Bahrain Trading WLL became the subsidiary of the Company by way of an agreement dated 1 May 2015.

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Bahrain Commercial Companies Law 2001.

b) Basis of measurement

The consolidated financial statements have been drawn up from the accounting records of the Group maintained under the historical cost convention.

c) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Bahraini Dinars ("BD"), which is the Group's functional and presentation currency. All financial information presented in the consolidated financial statements has been rounded-off to the nearest Bahraini Dinars.

2 BASIS OF PREPARATION (continued)

d) Principles of consolidation

(i) Subsidiary
The consolidated financial statements include subsidiaries that are controlled by the Group. Control is presumed to exist where more than one half of the subsidiary's voting power is controlled by the Group, or the Group is able to govern the financial and operating policies of subsidiary, or control the removal or appointment of a majority of a subsidiary's board of directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation
Intra-Group balances and transactions, and any recognised gains and losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with subsidiary are eliminated against the investment in subsidiary. Unrealised losses are eliminated in the same way as recognised gains, but only to the extent that there is no evidence of impairment.

e) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS's require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 4.

f) New standards, amendments and interpretations effective from 1 January 2017

The new / revised standards, amendments and interpretations, which became effective on or after 1 January 2017, do not have any material impact on the Group's consolidated financial statements.

g) New Standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018, and have not been applied in preparing these consolidated financial statements. Those, which are relevant to the Group, are set out below. The Group does not plan to early adopt these standards.

(i) IFRS 15 - Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group does not expect to have a significant impact on its consolidated financial statement.

(ii) IFRS 9 - Financial Instruments
In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on 1 January 2018.

The Group does not expect to have a significant impact on its consolidated financial statement.

(iii) IFRS 16 - Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard- i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 April 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

The Group does not expect to have a significant impact on its consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

a) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of the assets includes the cost of bringing the asset to its present location and condition and the consideration paid for acquiring the assets.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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 of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the consolidated statement of profit or loss and other comprehensive income.

(ii) Subsequent measurement

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is expensed in the consolidated statement of profit or loss and other comprehensive income as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Depreciation

Depreciation is provided on cost or revalued amounts by the straight-line method at annual rates which are intended to write off the cost or revalued amounts of the assets over their estimated useful lives:

Asset categories	Estimated useful life in years
Leasehold improvements	15
Plant and machinery	3 - 7
Motor vechiles	5
Computer	5
Electrical equipment	4
Furniture, fittings and tools	3 - 10

The residual values and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

b) Inventories

Inventories are carried at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. The cost of inventories is determined on weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

c) Non-derivative financial instruments

The Group deals only in non-derivative financial instruments. Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, due to related parties and trade and other payables.

(i) Receivables

Receivables are initially recorded at invoiced amounts, which represent the fair value of goods sold / services rendered. Subsequent to initial recognition, trade and other receivables are stated at cost, less impairment allowance if any.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks.

(iii) Payables

Liabilities are recognised, on an accrual basis, for the amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

(iv) Other non-derivative financial instruments

Other non-derivative financial instruments are measured at cost.

d) Foreign currency transactions and balances

Transactions in foreign currencies are translated to Bahraini Dinars at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the financial statement date are translated into Bahraini Dinars at the foreign exchange rate ruling at that date. All foreign exchange differences arising on conversion and translation are recognized in the consolidated statement of profit or loss and other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment

(i) Financial assets

Each financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset. If any such evidence exists, the asset's recoverable amount is estimated and impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

f) Employee benefits

Short-term employee benefits are recognised in the consolidated statement of profit or loss and other comprehensive income on an accrual basis.

Pensions and other social benefits for *Bahraini employees* are covered by the Social Insurance Organisation’s scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group’s contribution to this scheme, which represents a defined contribution scheme under International Accounting Standard 19 – Employee Benefits, is expensed as incurred.

Expatriate employees are entitled to leaving indemnities payable under the Bahrain Labour Law for the Private Sector - Law no. (36) of 2012, based on length of service and final remuneration. Provision for this unfunded commitment which represents a defined benefit plan under International Accounting Standard 19 – Employee Benefits, has been made by calculating the notional liability had all employees left at the reporting date.

g) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

h) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue would be recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

i) Operating lease

An operating lease is a lease other than a finance lease. Operating leases is recognised on a straight line basis over the lease term.

j) Statutory reserve

The Bahrain Commercial Companies Law 2001 requires 10% of the profit for the year to be transferred to a statutory reserve, which is not normally distributable except in the circumstances stipulated in the Bahrain Commercial Companies Law. Such transfers may cease once the reserve reaches 50% of share capital.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The areas involving higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements includes:

a) Impairment of receivables

The Group reviews the carrying amounts of the receivables at each reporting date to determine whether the receivables have been impaired. The Group identifies the receivables, which have been impaired based on among other factors, the age of the receivables, the receivables recoverable amount is estimated based on past experience and estimated cash flows.

b) Write down of inventories to net realisable value

The Group reviews the carrying amounts of inventories at each reporting date to determine whether the inventories need to be written down to net realisable value. The Group identifies the inventories which have to be written down based on the evaluation of age of the inventory and their estimate of their future consumption. If inventories are assessed for write down, they are charged to the consolidated profit or loss and other comprehensive income.

c) Useful life and residual value of property, plant and equipment

The Group reviews the useful life and residual value of the 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 the similar assets of the industry, and future economic benefit expectations of the management.

5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Plant and machinery	Computer	Motor vehicle	Electrical equipment	Furniture, fittings and tools	2018 Total	2017 Total
Cost								
At 1 April	109,400	27,902	11,496	-	1,673	4,643	155,114	151,400
Additions during the year	-	-	-	2,750	273	752	3,775	3,714
Write off	(2,509)	-	-	-	-	-	(2,509)	-
At 31 March	**106,891**	**27,902**	**11,496**	**2,750**	**1,946**	**5,395**	**156,380**	155,114
Depreciation								
At 1 April	8,107	4,926	2,935	-	490	709	17,167	2,326
Charge for the year	7,121	4,147	2,380	46	429	840	14,963	14,841
Write off	(226)	-	-	-	-	-	(226)	-
At 31 March	**15,002**	**9,073**	**5,315**	**46**	**919**	**1,549**	**31,904**	17,167
Net book value at the end of the year	**91,889**	**18,829**	**6,181**	**2,704**	**1,027**	**3,846**	**124,476**	137,947

6 INVENTORIES

	2018	2017
Pipes	412,462	237,821
Goods in transit	143,362	282,363
Fittings and accessories	79,250	56,257
Packing material	1,780	807
	636,854	577,248

7 TRADE AND OTHER RECEIVABLES

	2018	2017
Trade receivables	103,652	367,885
Prepayments	6,517	950
Others	300	300
	110,469	369,135

8 CASH AND CASH EQUIVALENTS

	2018	2017
Cash on hand	1,539	789
Bank balances	115,404	46,706
Cash and cash equivalents as per the consolidated statement of cash flows	**116,943**	47,495

9 PROVISION FOR EMPLOYEES' LEAVING INDEMNITIES

	2018	2017
At 1 April	681	143
Charge for the year (note 15)	526	538
Paid during the year	(128)	-
At 31 March	**1,079**	681

10 RELATED PARTIES

The Group enters into transaction with entities that within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business at agreed terms. Related parties comprise the parent, ultimate parent company, companies under common ownership and shareholders.

a) Significant transactions with related parties

	2018	2017
Purchases from related parties	**2,223,897**	1,411,814
Sales to related parties	**177,914**	84,609
Sponsorship fee	**11,400**	11,400
Expenses incurred by the Company on behalf of the related party	**3,220**	5,037
Loan repaid to related party	**-**	109,573
Expenses incurred by related parties on behalf of the Company	**-**	59,373

10 RELATED PARTIES (continued)

b) Due to related parties	***Relationship***	**2018**	2017
Electrosteel Castings Limited, India	*Parent company*	266,965	657,993
Electrosteel Doha Trading LLC, Qatar	*Common shareholding*	-	1,642
		266,965	659,635

Related party balances are interest free and payable on demand.

c) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel are the directors of the Company and the compensation paid to them during the year was **BD 19,440** (2017: BD 18,600).

11 TRADE AND OTHER PAYABLES	**2018**	2017
Trade payables	39,824	52,541
Advances received from customers	24,807	39,734
Accrued expenses and other payables	1,727	2,462
	66,358	94,737

12 REVENUE	**2018**	2017
Pipes	2,398,272	1,968,009
Fittings and accessories	592,321	263,274
	2,990,593	2,231,283

13 COST OF SALES	**2018**	2017
Pipes	2,021,935	1,573,665
Fittings and accessories	337,635	192,598
Others	-	815
	2,359,570	1,767,078

14 GENERAL AND ADMINISTRATIVE EXPENSES	**2018**	2017
Rent	42,750	45,261
Travelling expenses	13,135	6,923
Sponsorship fee (note 10 a)	11,400	11,400
Electricity and water charges	5,044	5,322
Legal and professional fees	3,955	5,695
Communication charges	1,921	2,754
Forklift expenses	1,917	1,147
Repairs and maintenance	1,693	1,101
Others	7,476	3,537
	89,291	83,140

15 STAFF COSTS	**2018**	2017
Salaries and related costs	35,536	34,375
Labour wages	13,048	10,211
Accommodation	4,374	4,173
Transportation	3,041	4,987
Leave salary	2,508	2,665
Social insurance	709	806
End of service benefits (note 9)	526	538
Others	-	28
	59,742	57,783

16 SELLING AND DISTRIBUTION EXPENSES	**2018**	2017
Transportation and border charges	142,211	111,503
Retainers fee	20,000	21,342
Packing materials	16,060	10,542
Others	-	639
	178,271	144,026

17 OPERTAING LEASE COMMITMENTS	**2018**	2017
Future minimum lease payments:		
Not later than one year	42,750	42,750
Later than one year	614,888	657,638
Aggregate operating lease commitments	**657,638**	700,388

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The table below sets out the Group's classification of each class of financial assets and financial liabilities:

2018	**Loans and receivables**	**Financial liabilities at amortised cost**	**Total carrying amount**
Assets			
Trade and other receivables (excluding prepayments)	103,952	-	103,952
Cash and cash equivalents	116,943	-	116,943
	220,895	**-**	**220,895**
Liabilities			
Due to related parties	-	266,965	266,965
Trade and other payables (excluding advances)	-	41,551	41,551
	-	**308,516**	**308,516**

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

2017	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount
Assets			
Trade and other receivables (excluding prepayments)	368,185	-	368,185
Cash and cash equivalents	47,495	-	47,495
	415,680	-	415,680
Liabilities			
Due to related parties	-	659,990	659,990
Trade and other payables (excluding advances)	-	55,003	55,003
	-	714,993	714,993

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, practices and processes for measuring and managing risk. The note also presents certain quantitative disclosures in addition to the disclosures throughout the consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management practices are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management practices and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The accounting policies for financial assets and liabilities are described in note 3.

a) Credit risk

Credit risk is the risk that one party to the financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on bank balances, trade and other receivables.

(i) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Geographically the concentration of credit risk is in the GCC as majority of the Group's customers are based in GCC, hence having less of an influence on the credit risk;

(ii) The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

(iii) The Group limits its exposure to credit risk on bank balances by maintaining balances with banks having good repute. The Company does not expect any bank to fail to meet its obligations.

The maximum exposure to credit risk at the reporting date was:

	2018	2017
Trade and other receivables (excluding prepayments)	103,952	368,185
Bank balances	115,404	46,706
	219,356	414,891

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The maximum credit risk exposure on financial assets is the carrying amount, which is net of specific provisions.

The ageing of the trade receivables at the reporting date was:

	Gross 2018	**Impairment 2018**	Gross 2017	Impairment 2017
Not past due (0 – 90 days)	103,652	-	367,885	-
	103,652	**-**	367,885	-

Subsequent to the year end until the date of approval of the financial statements, BD 5,694 (2017: BD 81,932) out of the total trade receivables of BD 103,652 (2017: BD 367,885) have been collected and the management is confident, considering the past experience and current status of discussion with customers that no allowance for impairment is required.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities:

2018	**Carrying amount**	**Contractual undiscounted cash flows**	**6 months or less**
Due to related parties	266,965	266,965	266,965
Trade and other payables (excluding advances)	41,551	41,551	41,551
	308,516	**308,516**	**308,516**

2017	Carrying amount	Contractual undiscounted cash flows	6 months or less
Due to related parties	659,635	659,635	659,635
Trade and other payables (excluding advances)	55,003	55,003	55,003
	714,638	714,638	714,638

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

(i) Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to a change in foreign exchange rates. The Group does not have any significant currency risk with respect to transactions in Saudi Riyal, Qatari Riyal, UAE Dirham and US Dollar as the Bahraini Dinar is effectively pegged to Saudi Riyal, Qatari Riyal, UAE Dirham and US Dollar.

(ii) Interest rate risk
Interest rate risk is the risk that the Group's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates.

As at reporting date, the Group is not exposed to any interest rate risk as the Group does not have any interest bearing financial instruments.

(iii) Other market price risk
Other market rate risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factor specific to the individual financial instruments or its issuers, or factors affecting all similar financial instrument traded in the market.

The Group is not exposed to any significant other market risk as at reporting date.

d) Capital Management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefits to the other stakeholders. The directors monitor the return on capital.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

e) Fair values of financial instruments

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Differences can therefore arise between book values under the historical cost method and fair value estimates.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

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

19 COMPARATIVES

The previous year's figures have been regrouped wherever necessary in order to confirm to the current year is presentation. Such regrouping does not affect the previously reported net assets, total equity or profit or loss and other comprehensive income.