VEEDOL INTERNATIONAL DMCC
DUBAI

Financial statements

Year ended March 31, 2018

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VEEDOL INTERNATIONAL DMCC, DUBAI

Directors' report

The Directors have pleasure in submitting their annual report and financial statements of Veedol International DMCC, Dubai ("the Company") for the year ended March 31, 2018.

Activities

The principal activities of the Company continue to be trading in lubricants and grease.

Financial position

During the year, the Company achieved a turnover of AED 37,633,270 (5,551 KL) as against AED 30,637,419 (4,682 KL) in the previous year. The Company has realised a net profit of AED 528,335 as compared to net profit of AED 471,371 in the previous year. It's net asset position has improved and reached to AED 1,580,496 as at March 31, 2018 from AED 1,052,161 as at March 31, 2017.

Auditors

A resolution to reappoint BDO Chartered Accountants & Advisors, as the auditors for the ensuing year, will be put to the members at the Annual General Meeting.

For and behalf of the Board

Rajendra Nath Ghosal
Director
May 21, 2018

هاتف +٩٧١ ٤ ٢٢٢ ٢٨٦٩
فاكس : +٩٧١ ٤ ٢٢٧ ٠١٥١

الطابق الثالث، برج الفطيم
شارع آل مكتوم . ديرة
ص.ب. ١٩٦١ . دبي . ا. ع. م

Tel: +971 4 222 2869
Fax: +971 4 227 0151
info@bdo.ae
www.bdo.ae

3rd Floor, Al Futtaim Tower
Al Maktoum Street, Deira
P O Box 1961, Dubai, UAE

Independent Auditor's Report

To the Parent of Veedol International DMCC, Dubai

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Veedol International DMCC, Dubai (the "Company"), which comprise the statement of financial position as at March 31, 2018, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and their preparation in compliance with the applicable provisions of the Implementing Regulations No. (1/03) issued by the Dubai Multi Commodities Centre Authority (DMCC), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report *(Continued)*

To the Parent of Veedol International DMCC, Dubai *(Continued)*

Report on the Audit of the Financial Statements *(Continued)*

Auditor's Responsibilities for the Audit of the Financial Statements *(Continued)*

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of Implementing Regulations No. (1/03) issued by the Dubai Multi Commodities Centre Authority (DMCC) came to our attention which would materially affect the Company's financial position.

Kapadia

BDO CHARTERED ACCOUNTANTS & ADVISORS
Dubai
Priyesh Yagnesh Kapadia
Reg. No. 534
May 21, 2018

Statement of financial position at March 31, 2018

	Note	AED	2017 AED
Non current assets			
Furniture, fixtures and equipments	5	20,179	60,477
Software	6	27,870	44,598
Advances	7	526,502	718,823
Total non current assets		574,551	823,898
Current assets			
Trade and other receivables	7	12,903,643	13,757,510
Due from related parties	8	86,992	695,876
Bank balances and cash	9	2,726,646	603,666
Total current assets		15,717,281	15,057,052
Current liabilities			
Trade and other payables	10	8,690,370	11,455,174
Due to related parties	8	1,833,730	258,473
Bank overdrafts	11	3,535,187	2,628,063
Total current liabilities		14,059,287	14,341,710
Net current assets		1,657,994	715,342
Non current liabilities			
Provision for employees' end of service benefits	12	652,049	487,079
Net assets		1,580,496	1,052,161
Equity			
Share capital	13	50,000	50,000
Shareholder's account	14	1,950,000	1,950,000
Accumulated deficit		(419,504)	(947,839)
Total equity		1,580,496	1,052,161

The financial statements have been approved by the Board of Directors on May 21, 2018 and are signed on it's behalf by:

Rajendra Nath Ghosal
Director

The notes on pages 8 to 23 form part of these financial statements

VEEDOL INTERNATIONAL DMCC, DUBAI

Statement of profit or loss and other comprehensive income for the year ended March 31, 2018

	Note	AED	2017 AED
Revenue	15	37,633,270	30,637,419
Cost of sales	16	(27,364,271)	(21,685,849)
Gross profit		10,268,999	8,951,570
Other income	17	-	40,593
		10,268,999	8,992,163
Salaries and other benefits		(4,071,819)	(4,087,401)
Administration, selling and general expenses	18	(3,655,032)	(2,651,037)
Royalty	19	(1,882,281)	(1,532,342)
Depreciation	5	(40,298)	(91,419)
Finance costs	20	(91,234)	(158,593)
		(9,740,664)	(8,520,792)
Total comprehensive income for the year		528,335	471,371

The notes on pages 8 to 23 form part of these financial statements

Statement of changes in equity for the year ended March 31, 2018

	Share capital AED	Shareholder's account AED	Accumulated deficit AED	Total equity AED
Balance at April 1, 2016	50,000	1,950,000	(1,419,210)	580,790
Total comprehensive income for the year	-	-	471,371	471,371
Balance at March 31, 2017	50,000	1,950,000	(947,839)	1,052,161
Total comprehensive income for the year	-	-	528,335	528,335
Balance at March 31, 2018	50,000	1,950,000	(419,504)	1,580,496

The notes on pages 8 to 23 form part of these financial statements

VEEDOL INTERNATIONAL DMCC, DUBAI

Statement of cash flows for the year ended March 31, 2018

			2017
Cash flows from operating activities	Note	AED	AED
Net profit for the year		528,335	471,371
Adjustments for:			
Depreciation	5	40,298	91,419
Amortisation	6	16,728	5,591
Interest expense	20	91,234	158,593
Interest income	17	-	(15,342)
Provision for employees' end of service benefits	12	164,970	146,508
Operating profit before working capital changes		841,565	858,140
Decrease in inventories		-	577,568
Decrease/(increase) in trade and other receivables	7	853,867	(781,826)
Decrease in due from related parties	8	608,884	11,994
Decrease in trade and other payables	10	(2,764,804)	(134,661)
Increase in due to related parties	8	1,575,257	258,473
Cash generated from operations		1,114,769	789,688
Interest paid	20	(91,234)	(158,593)
Interest received	17	-	15,342
Payment of end of service benefits	12	-	(9,024)
Net cash generated from operating activities		1,023,535	637,413
Cash flows from investing activities			
Decrease/(increase) in advances	7	192,321	(529,965)
Purchase of software	6	-	(50,189)
Net cash from/(used in) investing activities		192,321	(580,154)
Net increase in cash and cash equivalents		1,215,856	57,259
Cash and cash equivalents at beginning of the year		(2,024,397)	(2,081,656)
Cash and cash equivalents at end of the year	21	(808,541)	(2,024,397)

1 Status and activity

Veedol International DMCC, Dubai (the "Company") is a limited liability company incorporated under the Implementing Regulations No. (1/03) issued by the Dubai Multi Commodities Centre Authority (DMCC). The principal place of business of the Company is located at Unit number 1501, Indigo Icon, Jumeirah Lake Towers, Dubai.

The parent company of the Company is Tide Water Oil Co. (India) Limited (the "Parent"), a company registered in India.

The principal activities of the Company include trading in lubricants and grease.

The financial statements for the year ended March 31, 2018 were authorised for issue by the Board of Directors on May 21, 2018.

These financial statements are presented in UAE Dirhams (AED).

2 Application of new and revised International Financial Reporting Standards (IFRS's)

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

The following new and revised IFRSs, amendments and interpretations have been adopted in these financial statements. The application of these new and revised IFRSs, amendments and interpretations have not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IAS 7 Statement of Cash Flows (disclosure)

  Paragraph 44A added: 'An entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes'.

  Paragraph 44C added: 'Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities'.

  One way to comply with this disclosure would be to present a reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities. The reconciliation would include:

  - Opening balance
  - Movements in the period including:
    - Changes from financing cash flows;
    - Changes arising from obtaining or losing control of subsidiaries or other businesses;
    - Other non-cash exchanges (e.g. changes in foreign exchange rates, new finance leases and changes in fair value);
  - Closing balance

  The disclosure is not applicable to the Company as there are no cash flows or non cash flows from financing activities.

2 Application of new and revised International Financial Reporting Standards (IFRS's) (Continued)

New standards, interpretations and amendments issued but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on January 1, 2017. The most significant of these are:

- IFRS 15 'Revenue from Contracts with Customers' (Effective for annual periods beginning on or after January 1, 2018):

  IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

  The five steps in the model are as follows:

  - Identify the contract with the customer;
  - Identify the performance obligations in the contract;
  - Determine the transaction price;
  - Allocate the transaction price to the performance obligations in the contracts;
  - Recognise revenue when (or as) the entity satisfies a performance obligation.

  Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

  The Company is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no earlier than the accounting period beginning on or after January 1, 2018.

- IFRS 16 'Leases' (Effective for annual periods beginning on or after January 1, 2019):

  IFRS 16 specifies how to recognise, measure, present and disclose leases.

  - The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.
  - Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17
  - IFRS 16 replaced the following standards and interpretation
    - IAS 17 – Leases
    - IFRIC 4 – Determining whether an arrangement contain a lease
    - SIC-15 – Operating leases – incentives
    - SIC-27 – Evaluating the substance of transaction involving the Legal Form of a Leases

  The Company is yet to assess IFRS 16's full impact and intends to adopt IFRS 16 no earlier than the accounting period beginning on or after January 1, 2019.

2 Application of new and revised International Financial Reporting Standards (IFRS's) (Continued)

- IFRS 9 'Financial instruments (2014)' (Effective for annual periods beginning on or after January 1, 2018):

  A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

  - Classification and measurement - Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
  - Impairment - The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
  - Hedge accounting - Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
  - Derecognition - The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

  Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.

  The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no earlier than the accounting period beginning on or after January 1, 2018.

The Company does not expect any other standards issued, but not yet effective, to have a material impact. A list of other new and amended standards which had been issued but are effective in future periods is as follows:

- IFRIC 22 Foreign Currency Translations and Advance Consideration (effective 1 January 2018)

3 Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with the International Financial Reporting Standards. These financial statements also comply with the Implementing Regulations No. (1/03) issued by the Dubai Multi Commodities Centre Authority (DMCC).

The significant accounting policies adopted are as follows:

Software

Software acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are then amortised using the straight line method over their useful life of 3 years. Amortisation is included in the administrative expenses in the statement of profit or loss and other comprehensive income.

3 Significant accounting policies (Continued)

Furniture, fixtures and equipments

Furniture, fixtures and equipments are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the expenditure that is directly attributable to the acquisition of the assets. Cost includes expenditures that are directly attributable to the acquisition of the assets.

The cost of replacing a part of furniture, fixtures and equipments is recognized in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The routine servicing of the furniture, fixtures and equipments are recognized in the statement of profit or loss and comprehensive income.

An item of furniture, fixtures and equipments is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of items of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the assets and it is recognised in the consolidated statement of comprehensive income.

Depreciation

Depreciation is provided consistently on a straight line basis so as to write off the cost of furniture, fixtures and equipments over their estimated useful lives as follows:

Office equipments	2 - 3 years
Tools and equipments	2 - 3 years
Furniture and fixtures	5 - 6 years

Financial assets

The Company classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired. Financial assets are recognized and derecognised on the trade date, and are initially measured at fair value, net of transaction costs for those financial assets classified as fair value through profit or loss which are initially measure at fair value.

Company’s accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only financial assets held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instrument that the Company manages together and has a recent actual pattern of short term profit-taking or
- it is derivative that is not designated and effective as hedging instrument

Financial assets through profit or loss are stated fair value, with any results gain or losses recognized in the statement of profit or loss and other comprehensive income.

The Company does not have any financial assets which are classified as fair value through profit or loss.

3 Significant accounting policies (Continued)

Financial assets (Continued)

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Company's loans and receivables comprise trade and other receivables and due from related parties in the statement of financial position.

Held – to – maturity investments

These assets are non-derivative financial assets with determinable payments and fixed maturities that Company’s management has the positive intention and ability to hold till maturity. These assets are measured at amortised costs with changes through statement of profit or loss and other comprehensive income.

The Company does not have any financial assets which are classified as held – to – maturity investments.

Available-for-sale financial assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Company's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities or investments in financial assets intended for to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates.

These assets are included in non-current assets unless management has expressed its intention of holding these investments for less than twelve months from the date of statement of financial position, and are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available for sale investments constitutes objective evidence of impairment, the amount of loss is removed from equity and recognized in the statement of profit or loss and other comprehensive income.

Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

The Company does not have any financial assets which are classified as available-for-sale financial assets.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash, bank balances and bank overdrafts, free of encumbrance. Bank overdrafts are shown within current liabilities on the statement of financial position.

3 Significant accounting policies (Continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Company does not have any liabilities which is to be designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and as well as any interest payable while the liability is outstanding.

- Trade payables, due to related parties and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of statement of financial position. All gains and losses on exchange are taken to the statement of profit or loss and other comprehensive income.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. 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 flows of that asset.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

3 Significant accounting policies (Continued)

Impairment (Continued)

Loans and receivables (Continued)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The reduction in value is recognised in the profit or loss and other comprehensive income.

Employees' end of service benefits

Provision is made for employees' end of service benefits on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position.

Provisions

Provisions is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money, and, where appropriate, the risks specific to the liability.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when changes arise.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Leasing

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Revenue recognition

Revenue from the sales of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer.

Interest income is accrued on a time basis.

Finance costs

Interest expense and similar charges are payable on bank overdrafts held at amortised cost. Interest expense is measured using effective interest method, with interest expense recognised on an effective yield basis.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty

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

Furniture, fixtures and equipments

Furniture, fixtures and equipments is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

Fair value measurement

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)

- Level 2: Observable direct or indirect inputs other than Level 1 inputs

- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

5 Furniture, fixtures and equipments

Movements in furniture, fixtures and equipments are given on page 23.

6 Software

		2017
	AED	AED
Beginning balance	44,598	-
Additions	-	50,189
Amortisation during the year	(16,728)	(5,591)
	27,870	44,598

7 Trade and other receivables

		2017
	AED	AED
Trade receivables	11,632,971	12,408,670
Prepayments	72,822	204,002
Advances	1,290,510	1,255,350
Other receivables	433,842	608,311
	13,430,145	14,476,333
Less: non-current portion of advances	(526,502)	(718,823)
	12,903,643	13,757,510

Trade and other receivables which are classified as loans and other receivables approximates to the fair value. No interest is charged on trade receivables. Trade receivables are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

AED 11,495,743 (2017: AED 11,050,233) of the trade receivables are neither past due nor impaired. The company does not hold any collateral over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty. There are 5 customers (2017: 5 customers) who represent 85 percent (2017: 73 percent) of the total balance of trade receivables.

Included in trade receivables are debtors with carrying amounts of AED 137,228 (2017: AED 1,358,437) which are past due at the reporting date for which the Company, based on its past default experience has partly provided as it still considers these amounts as recoverable.

Advances includes advances of AED 583,935 (2017: AED 1,226,614) for signages and equipment support to distributors, which are amortised over the period of contract. The amortisation for the 12 months after the statement of financial position date is classified as non current.

Ageing analysis of these trade receivables is as follows:

		2017
	AED	AED
Amounts past due but not impaired:		
0-30 days	136,428	428,838
More than 31 days	800	929,599
Total receivables past due	137,228	1,358,437

8 Related party disclosures

Related parties include the parent, key management personnel and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due to/from such parties, which have been disclosed separately in the financial statements, are unsecured, interest-free and are repayable on demand.

The significant related party transactions during the year are as follows:

		2017
	AED	AED
Other related parties		
- Interest income	14,595	15,342
- Purchases	3,150,151	450,515
- Royalty expense	1,882,281	1,532,342
Key management personnel		
- Salaries and other benefits	689,020	491,372

Related party balances are as follows:

		2017
	AED	AED
Payables :		
- Other related parties	1,833,730	258,473
Receivables :		
- Short term advance to related party	-	574,316
- Other related parties	86,992	121,560
	86,992	695,876

9 Bank balances and cash

		2017
	AED	AED
Cash on hand	7,556	5,877
Current accounts with banks	2,719,090	597,789
	2,726,646	603,666

10 Trade and other payables

		2017
	AED	AED
Trade payables	6,675,800	9,489,471
Accruals and other payables	2,014,570	1,965,703
	8,690,370	11,455,174

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame. The trade and other payables which are classified as financial liabilities measures at amortised cost approximate fair value.

11 Bank overdrafts

Bank overdrafts are secured by the corporate guarantee given by the Parent.

12 Provision for employees' end of service benefits

		2017
	AED	AED
Opening balance	487,079	349,595
Provision made during the year	164,970	146,508
Payment made during the year	-	(9,024)
Closing balance	652,049	487,079

13 Share capital

		2017
	AED	AED
Authorised, issued and paid up capital:		
50 shares of AED 1,000 each	50,000	50,000

14 Shareholder's account

This represents capital infusion made by the parent which is not converted to share capital is as on the date of the statement of financial position.

15 Revenue

		2017
	AED	AED
Sale of goods	41,315,660	34,503,649
Price support to dealers	(3,682,390)	(3,866,230)
	37,633,270	30,637,419

16 Cost of sales

		2017
	AED	AED
Material consumed	27,364,271	20,807,991
Other direct costs	-	877,858
	27,364,271	21,685,849

17 Other income

		2017
	AED	AED
Interest income	-	15,342
Net exchange gain	-	25,251
	-	40,593

18 Administration, selling and general expenses

		2017
	AED	AED
Rent and license fees	214,222	250,174
Communication	105,397	132,242
Travelling, conveyance and vehicle expenses	481,675	333,299
Selling and marketing expenses	2,262,124	1,283,977
Legal and professional fees	293,557	397,523
Printing and stationery	15,702	7,717
Repairs and maintenance	12,394	17,295
Amortisation	16,728	5,591
Bank charges	146,105	159,562
Foreign exchange loss	51,499	-
Other	55,629	63,657
	3,655,032	2,651,037

19 Royalty

This represents the royalty fee payable to Veedol International Limited, incorporated in the United Kingdom, for marketing "Veedol" brand lubricants in various regions. The fee is worked based on a fixed percentage of net sales value as mutually agreed.

20 Finance costs

This represents interest expense on bank overdrafts.

21 Cash and cash equivalents

		2017
	AED	AED
Bank balances and cash (note 9)	2,726,646	603,666
Bank overdrafts	(3,535,187)	(2,628,063)
	(808,541)	(2,024,397)

The carrying amount of these assets approximates to their fair value.

22 Financial instruments - risk management

The Company is exposed through its operations to the following financial risks:

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to shareholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders, comprising of issued share capital, shareholder's account and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with each class of capital. The Company balances its capital structure based on the above review.

Market risk management

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates, and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all financial assets traded in the market.

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk) and interest rates (interest rate risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to US Dollars (USD) and Great British Pounds (GBP). But, as UAE Dirham (AED) is pegged to the US Dollar, the Company is not exposed to any significant exchange rate fluctuations in AED. The following table details the Company’s sensitivity to a 10 percent increase or decrease in the AED against GBP.

		2017
	AED	AED
Profit or loss	183,373	13,491

22 Financial instruments - risk management (Continued)

Market risk management (Continued)

Interest rate risk management

The Company is exposed to interest rate risk as entities in the Company borrow funds at floating interest rates. Sensitivity analysis of interest rates is as follows:

If the interest rates have been 50 base points higher or lower and all other variables were held constant, the Company's profits would increase or decrease by AED 62,457 (2017: AED 67,341).

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise bank balances, trade and other receivables and due from related parties. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade receivables and related parties are subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. There are 5 customers who represent 85 percent of the total balance of trade receivables.

As at date of statement of financial position, the Company's exposure to credit risk from trade receivables situated outside the UAE is as follows:

		2017
	AED	AED
Saudi Arabia	209,199	1,020,165
Kuwait	2,783,095	3,231,168
Iraq	345,994	619,294
Jordan	2,435,098	2,125,230
Lebanon	417,507	569,582
Oman	841,993	1,054,140
Yemen	470,123	420,182
Qatar	-	318,193
Sudan	578,093	516,036
Bahrain	145,608	368,598
Palestine	-	485,166
Egypt	1,351,527	-
Afghanistan	74,912	-
South Africa	42,545	-

Liquidity risk management

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

22 Financial instruments - risk management (Continued)

Financial instruments by category

The carrying amounts for each class of financial instrument are listed below:

		2017
	AED	AED
Financial assets		
Loans and receivables		
- Trade receivables (excluding prepayments)	13,357,323	14,272,331
- Due from related parties	86,992	695,876
- Bank balances and cash	2,726,646	603,666
Financial liabilities		
- Trade and other payables	8,690,370	11,455,174
- Due to related parties	1,833,730	258,473
- Bank overdrafts	3,535,187	2,628,063

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, due from/to related parties, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, due from/to related parties, and trade and other payables approximates their fair value.

The contractual maturity (representing undiscounted contractual cash-flows) of financial liabilities represented by trade and other payables and due to related parties is upto 3 months.

23 Contingent liabilities

		2017
	AED	AED
Letter of credit	-	98,931

24 Comparative figures

Previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year. These regroupings or reclassifications were not material.

Schedule of furniture, fixtures and equipments

	Office equipments	Tools and equipments	Furniture and fixtures	Total
Cost	AED	AED	AED	AED
At April 1, 2016	94,932	146,727	309,415	551,074
At March 31, 2017	94,932	146,727	309,415	551,074
At March 31, 2018	94,932	146,727	309,415	551,074
Depreciation				
At April 1, 2016	87,615	115,198	196,365	399,178
Charge for the year	3,886	31,529	56,004	91,419
At March 31, 2017	91,501	146,727	252,369	490,597
Charge for the year	3,149	-	37,149	40,298
At March 31, 2018	94,650	146,727	289,518	530,895
Net Book Value				
At March 31, 2018	282	-	19,897	20,179
At March 31, 2017	3,431	-	57,046	60,477