

TATA WEST ASIA FZE
(under liquidation)

Financial statements and independent auditor's report
Year ended 31 March 2017

TATA WEST ASIA FZE

(under liquidation)

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Year ended 31 March 2017

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of **TATA WEST ASIA FZE** (under liquidation)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **TATA WEST ASIA FZE (under liquidation)** (the "Establishment"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Establishment as at 31 March 2017, 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 Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 2 (c) to the financial statements, which states that, the directors have taken a decision to voluntarily liquidate the Establishment. Accordingly, these financial statements have been prepared on a liquidation basis. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the Implementing Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992, 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.

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INDEPENDENT AUDITOR'S REPORT

(continued)

In preparing the financial statements, management is responsible for assessing the Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Establishment's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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INDEPENDENT AUDITOR'S REPORT

(continued)

- 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 a true and fair view.

We communicate with those charged with governance 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

As stated in Note 19 to the financial statements, the net assets of the Establishment are below 75% of its share capital, the directors are required to intimate the Jebel Ali Free Zone Authority and remedy the situation in accordance with the Implementation Procedures issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992. However, as stated in note 2(c) to the financial statements, the directors have decided to voluntarily liquidate the Establishment.

We further confirm that except for the matter stated above, the financial statements comply with Implementing Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said regulation.

PKF

PKF

Dubai

United Arab Emirates

26 April 2017

TATA WEST ASIA FZE

(under liquidation)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 AED	2016 AED
ASSETS			
CURRENT ASSETS			
Property, plant and equipment	6	--	6,857
Trade and other receivables	7	540,899	3,050,970
Amount due from a related party	8	4,615,768	--
Other current financial assets	9	81,209	81,209
Cash and cash equivalents	10	20,645	3,738,950
		<u>5,258,521</u>	<u>6,877,986</u>
Total assets		<u>5,258,521</u>	<u>6,877,986</u>
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	11	11,000,000	11,000,000
Accumulated losses		(5,816,587)	(5,609,749)
Equity funds		<u>5,183,413</u>	<u>5,390,251</u>
Loan from shareholder	12	--	--
Total shareholder's funds		<u>5,183,413</u>	<u>5,390,251</u>
Current liabilities			
Provision for staff end-of-service benefits	13	--	--
Trade and other payables	14	75,108	1,487,735
Total liabilities		<u>75,108</u>	<u>1,487,735</u>
Total equity and liabilities		<u>5,258,521</u>	<u>6,877,986</u>

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Authorised for issue by the directors on 19 April 2017.

For TATA WEST ASIA FZE
(under liquidation)


DIRECTORS

TATA WEST ASIA FZE

(under liquidation)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 AED	2016 AED
Revenue		--	--
Other operating income	16	21,582	15,447,575
Staff costs	17	(41,331)	(2,146,895)
Depreciation		--	(4,842)
Other operating expenses	18	(187,089)	(10,285,083)
(LOSS) / PROFIT FOR THE YEAR		(206,838)	3,010,755
Other comprehensive income:			
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(206,838)	3,010,755

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

TATA WEST ASIA FZE

(under liquidation)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital AED	Accumulated losses AED	Total AED
Balance at 1 April 2015	11,000,000	(8,620,504)	2,379,496
Total comprehensive income for the year	--	3,010,755	3,010,755
Balance at 31 March 2016	11,000,000	(5,609,749)	5,390,251
Total comprehensive income for the year	--	(206,838)	(206,838)
Balance at 31 March 2017	11,000,000	(5,816,587)	5,183,413

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

TATA WEST ASIA FZE

(under liquidation)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017 AED	2016 AED
Cash flows from operating activities		
(Loss) / profit for the year	(206,838)	3,010,755
Adjustments for:		
Depreciation of property, plant and equipment	--	4,842
Loss on property, plant and equipment written off	6,857	--
Trade and other receivable balances written off	--	8,847,989
Shareholder's loan account balance waived	--	(78,400)
Related party balance written back	--	(2,692,105)
Other credit balances written back	(21,582)	(3,930,905)
Provision for end-of-service benefits	--	82,067
	(221,563)	5,244,243
Decrease in trade and other receivables	2,510,071	1,521,134
Decrease in trade and other payables	(1,391,045)	(4,201,131)
Staff end-of- service benefits paid	--	(379,231)
Net cash from operating activities	897,463	2,185,015
Cash flows from investing activities	--	--
Cash flows from financing activities		
Payment to related party (net)	(4,615,768)	--
Net cash used in financial activities	(4,615,768)	--
Net (decrease) / increase in cash and cash equivalents	(3,718,305)	2,185,015
Cash and cash equivalents at beginning of year	3,738,950	1,553,935
Cash and cash equivalents at end of year (note 10)	20,645	3,738,950

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 1 to 3.

TATA WEST ASIA FZE

(under liquidation)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **TATA WEST ASIA FZE (under liquidation)** (the "Establishment") is incorporated as a free zone establishment on 10 October 1993 in Jebel Ali Free Zone pursuant to Law No. 9 of 1992 of late H.H. Sheikh Maktoum Bin Rashid Al Maktoum, former ruler of Dubai and Implementing Regulations issued thereto by Jebel Ali Free Zone Authority. The registered office is P.O. Box 16980, Jebel Ali, Dubai, UAE.
- b) The Establishment's principal activity consists of general trading in the United Arab Emirates and overseas.
- c) The Establishment's general trading licence issued by Jebel Ali Free Zone Authority expired on 23 April 2016 and the Establishment has not renewed the same since then. There were no business transactions during the period as the directors have taken a decision to voluntarily liquidate the Establishment.
- d) The Establishment is a wholly owned subsidiary of Tata International Limited, a company incorporated in India, which is considered by the directors to be the parent company.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2016, and the requirements of Jebel Ali Free Zone Authority.

b) Basis of measurement

The financial statements are prepared under liquidation basis as the management has taken a decision to commence voluntary liquidation.

c) Going concern

The financial statements are prepared under liquidation basis as the directors had taken a decision to commence voluntary liquidation. Accordingly, assets are stated at net realisable value, while liabilities are stated at the amounts at which they are expected to be discharged.

d) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current year

The International Financial Reporting Standards, amendments thereto and interpretations that became effective for the current reporting period and which are applicable to the Establishment are as follows:

TATA WEST ASIA FZE

(under liquidation)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

- **Amendments to IAS 1 Disclosure Initiative**
The amendments to IAS 1 Presentation of Financial Statements clarify existing IAS 1 requirements in relation to:
 - The materiality requirements in IAS 1.
 - That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated.
 - That entities have flexibility as to the order in which they present the notes to financial statements.
 - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

New and revised IFRSs in issue but not yet effective

Since the Establishment is under liquidation, in the opinion of the management, there are no International Financial Reporting Standards, amendments thereto and interpretations as likely to have an impact on the financial statements that have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective date of adoption are for future accounting periods.

- e) **Functional and presentation currency**
The financial statements are presented in UAE Dirhams ("AED") which is also the Establishment's functional currency.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

- a) **Property, plant and equipment**
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material of furniture, fixtures and office equipment is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of four years.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Establishment and cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Establishment recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

TATA WEST ASIA FZE

(under liquidation)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) **Staff end-of-service benefits**

Provision is made for end-of-service benefits payable to non-UAE national employees at the reporting date in accordance with the local labour laws.

c) **Service income**

Service income represents recovery of service charges for services rendered as per agreed terms.

d) **Commission income**

Commission income represents fees received from related parties, as per the agreed terms for providing services in the areas of promotion, marketing and sales of steel and related products in the territory of Middle East and Africa.

e) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

f) **Provisions**

A provision is recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

g) **Financial Instruments**

Financial assets and financial liabilities are recognised when, and only when, the Establishment becomes a party to the contractual provisions of the instrument.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Loans and receivables

Trade and other receivables

Trade and other receivables are stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material.

Related party receivables

Related party receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

Other current financial assets

Other current financial assets which comprise deposits under encumbrance and deposits with a maturity date of more than three months from the date of deposit are classified as loans and receivables and stated at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise balances in bank current accounts.

Financial liabilities

At amortised cost

Trade and other payables

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Equity

Equity instruments issued by the Establishment are recorded at the value of proceeds received towards interest in share capital of the Establishment.

Impairment of financial assets

All financial assets are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

h) Fair value measurement

The Establishment discloses the fair value of financial instruments measured at amortised cost.

The 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 a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets estimated useful lives.