

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Financial Statements

31 March 2018

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Financial Statements
31 March 2018

<i>CONTENTS</i>	<i>PAGES</i>
Report on the Agreed Upon Procedures	1 – 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 – 12

The Shareholder
GREENPLY MIDDLE EAST LIMITED
P. O. Box 118767,
Sheikh Zayed Road,
Dubai,
United Arab Emirates

Dear Sir,

**Consolidated Financial Statements of Greenply Middle East Limited and Its Subsidiary
for the year ended 31 March 2018**

Report on the Agreed Upon Procedures

We have performed the procedures agreed with you as per the terms of our engagement with respect to the consolidated financial statements prepared in the name of **Greenply Middle East Limited and Its Subsidiary (hereafter referred to as "the group")** as at 31 March 2018.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements (ISRS 4400). The procedures we performed are solely to assist you in arriving at the consolidated financial position of the group referred to above and are summarized as follows:

1. We read and carried out enquiries over the preparation process of the consolidated financial statements of the entities listed in note 2 to the accompanying consolidated financial statements.
2. We verified the mathematical accuracy of the amounts included in the consolidated financial statements by adding together each corresponding line item and its regrouping in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the entities included in the group. We also verified the mathematical accuracy of the amounts included in the notes to the consolidated financial statements by adding together each corresponding line item and its regrouping in the notes to the financial statements of the entities included in the group.
3. We have obtained the audited financial statements of the entities included in the group for the year ended 31 March 2018 and the audit reports thereon.
4. We obtained details of significant intercompany transactions and balances relating to the entities included in the group from your accounts department and ensured that these have been eliminated in arriving at the figures in the consolidated financial statements.

We report our findings below:

1. With respect to procedure 1 above, we noted no exceptions.
2. With respect to procedure 2 above, we noted no exceptions.
3. With respect to procedure 3 above, we did not audit the financial statements of the subsidiary. The consolidated financial statements include financial statements of Greenply Gabon S.A. for the year ended 31 March 2018 which have been audited by other auditors who has expressed an unmodified opinion.
4. With respect to procedure 4 above, we found that the intercompany transactions and balances identified were correctly eliminated in preparing at the consolidated financial statements of the group.

Report on the Agreed Upon Procedures

Our report is solely for the purpose set forth in the second paragraph of this report and for use by the shareholder and management of the entities included in the group.

Based on our procedures, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not presented fairly, in all material respects in accordance with International Financial Reporting Standards and applicable requirements of the laws relevant to individual entities.

Yours faithfully,



Signed by:
C. D. Shah
Partner
Registration No. 677

Shah & Alshamali Associates Chartered Accountants
20 May 2018
Dubai



GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Statement of Financial Position
31 March 2018

	Notes	2018 USD	2017 USD
ASSETS			
Non-current assets			
Property, plant and equipment	3	11,717,883	8,399,675
Intangible asset	4	8,020	9,637
Capital advance		-	738,016
		<u>11,725,903</u>	<u>9,147,328</u>
Current assets			
Inventories	5	2,489,078	-
Trade and other receivables	6	2,554,386	19,620
Cash and cash equivalents	7	343,569	195,573
		<u>5,387,033</u>	<u>215,193</u>
Total assets		<u>17,112,936</u>	<u>9,362,521</u>
EQUITY AND LIABILITIES			
Shareholder's funds			
Capital and reserves			
Share capital	8	2,724,796	2,724,796
Accumulated losses		(1,104,860)	(248,286)
Foreign currency translation reserve	9	318,464	-
Equity funds		<u>1,938,400</u>	<u>2,476,510</u>
Loan account	10	2,500,000	700,000
Total shareholder's funds		<u>4,438,400</u>	<u>3,176,510</u>
Non-current liabilities			
Term loan	11	2,830,500	-
Other financial liabilities	12	1,028,139	2,711,276
		<u>3,858,639</u>	<u>2,711,276</u>
Current liabilities			
Term loan	11	499,500	-
Working capital loan	13	2,800,000	-
Other financial liabilities	12	2,570,346	2,711,276
Bank overdraft	14	1,569,602	652,542
Trade and other payables	15	1,376,449	110,917
		<u>8,815,897</u>	<u>3,474,735</u>
Total liabilities		<u>12,674,536</u>	<u>6,186,011</u>
Total equity and liabilities		<u>17,112,936</u>	<u>9,362,521</u>

The notes on pages 7 to 12 form an integral part of these consolidated financial statements.

On behalf of the board:



Sudeep Jain
DIRECTOR

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2018

	<i>Note</i>	<i>Year ended 31 March 2018 USD</i>	<i>9 months period ended 31 March 2017 USD</i>
Sales		4,982,767	-
Cost of sales		<u>(1,897,995)</u>	<u>-</u>
Gross profit		3,084,772	-
Director's remuneration		(196,473)	(147,190)
Staff salaries and benefits		(845,630)	(69,142)
Administrative expenses		(2,074,912)	(183,448)
Depreciation		(385,698)	(11,773)
Amortization		(4,121)	(1,093)
Other income	16	<u>737</u>	<u>180,874</u>
Loss from operations		(421,325)	(231,772)
Interest income		32	5,189
Finance costs		<u>(435,281)</u>	<u>(21,703)</u>
Loss for the year / period		(856,574)	(248,286)
Other comprehensive income / (loss):			
Exchange difference on translation of foreign operations		<u>318,464</u>	<u>-</u>
Total comprehensive loss for the year / period		<u>(538,110)</u>	<u>(248,286)</u>

The notes on pages 7 to 12 form an integral part of these consolidated financial statements.

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Statement of Changes in Equity
for the year ended 31 March 2018

	<i>Share capital USD</i>	<i>Accumulated losses USD</i>	<i>Foreign currency translation reserve USD</i>	<i>Total USD</i>
Contributed during the period	2,724,796	-	-	2,724,796
Loss for the period	<u>-</u>	<u>(248,286)</u>	<u>-</u>	<u>(248,286)</u>
As at 31 March 2017	2,724,796	(248,286)	-	2,476,510
Loss for the year	<u>-</u>	<u>(856,574)</u>	<u>318,464</u>	<u>(538,110)</u>
As at 31 March 2018	<u>2,724,796</u>	<u>(1,104,860)</u>	<u>318,464</u>	<u>1,938,400</u>

The notes on pages 7 to 12 form an integral part of these consolidated financial statements.

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Statement of Cash Flows
for the year ended 31 March 2018

	<i>Note</i>	<i>Year ended 31 March 2018 USD</i>	<i>9 months period ended 31 March 2017 USD</i>
<u>Cash flows from operating activities</u>			
Loss for the year / period		(856,574)	(248,286)
Adjustments for:			
Depreciation		385,698	11,773
Amortization		4,121	1,093
Interest income		(32)	(5,189)
Loss on sale of property, plant and equipment		2,046	-
Finance costs		<u>435,281</u>	<u>21,703</u>
Operating loss before working capital changes		(29,460)	(218,906)
(Increase) / decrease in inventories		(2,489,078)	-
(Increase) / decrease in trade and other receivables		(2,338,020)	(19,620)
Increase / (decrease) in trade and other payables		<u>1,231,379</u>	<u>110,917</u>
Cash generated from / (used in) operations		<u>(3,625,179)</u>	<u>(127,609)</u>
<u>Cash flows from investing activities</u>			
Payments for purchase of property, plant and equipment		(2,546,064)	(8,406,432)
Proceeds from sale of property, plant and equipment		8,065	
Payments for purchase of intangible asset		(1,093)	(10,730)
Proceeds from / (payment of) loans and advances		(196,746)	-
Payments for capital advance		-	(738,016)
Interest income received		<u>32</u>	<u>173</u>
Net cash from / (used in) investing activities		<u>(2,735,806)</u>	<u>(9,155,005)</u>
<u>Cash flows from financing activities</u>			
Share capital contributed		-	2,724,796
Proceeds from / (payment of) loan from the parent shareholder company		1,800,000	700,000
Finance costs paid		(401,128)	(21,703)
Proceeds from / (payment of) working capital and term loan		6,130,000	-
Proceeds from / (payment of) other financial liability		<u>(1,824,067)</u>	<u>5,422,552</u>
Net cash from / (used in) financing activities		<u>5,704,805</u>	<u>8,825,645</u>
Net increase / (decrease) in cash and cash equivalents		(656,180)	(456,969)
Cash and cash equivalents at the beginning of the year / period		(456,969)	-
Net foreign exchange difference		<u>(112,884)</u>	-
Cash and cash equivalents at the end of the year / period	17	<u>(1,226,033)</u>	<u>(456,969)</u>

The notes on pages 7 to 12 form an integral part of these consolidated financial statements.

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

1. Legal status and activity

GREENPLY MIDDLE EAST LIMITED (the “company”) is a private limited liability company incorporated as per the laws of Jebel Ali Free Zone Authority Offshore Companies Regulations.

The registered address of the company is P. O. Box 118767, Sheikh Zayed Road, Dubai, United Arab Emirates.

The company is a subsidiary of **GREENPLY INDUSTRIES LIMITED, INDIA**, which is a public limited entity registered under Indian Companies Act 1956.

GREENPLY INDUSTRIES LIMITED is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

GREENPLY INDUSTRIES LIMITED is engaged in the business of manufacturing plywood and allied products, medium density fibre boards and allied products.

GREENPLY MIDDLE EAST LIMITED has carried out the activity of third port trading in wood veneer during the year.

2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiary as at 31 March 2018. This control is evidenced when the company owns, either directly or indirectly, more than 50% of the voting rights of a company and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated.

The company and its subsidiary form the “Group”.

The extent of company’s shareholding and the principal activity of the subsidiary are set out below:

				<i>% of ownership</i>	<i>% of ownership</i>
<i>Name of entity</i>	<i>Country of incorporation</i>	<i>Relation</i>	<i>Activity</i>	<i>2018</i>	<i>2017</i>
Greenply Gabon S.A.	Republic of Gabon	<i>Subsidiary</i>	<i>The principal activity of the company is manufacturing of veneer, lumber and panel.</i>	100%	100%

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

	<i>2018 Opening balance USD</i>	<i>Addition USD</i>	<i>Transfer/ Disposals USD</i>	<i>Effects of changes in exchange rates USD</i>	<i>2018 Closing balance USD</i>
3. Property, plant and equipment					
Cost					
Capital work-in-progress*	8,087,290	-	(8,087,290)	-	-
Factory land and building	-	1,202,707	8,087,290	327,476	9,617,473
Electrical installation	158,832	205,384	-	31,790	396,006
Plant and machinery	103,126	1,678,319	-	70,013	1,851,458
Motor vehicle	50,690	146,689	(10,753)	12,562	199,188
Furniture and fixtures	10,775	44,146	-	3,046	57,967
Office equipment	735	6,835	-	223	7,793
Total cost	<u>8,411,448</u>	<u>3,284,080</u>	<u>(10,753)</u>	<u>445,110</u>	<u>12,129,885</u>
Depreciation					
Capital work-in-progress	-	-	-	-	-
Factory land and building	-	86,267	-	3,041	89,308
Electrical installation	4,569	29,510	-	1,669	35,748
Plant and machinery	1,508	238,249	-	8,606	248,363
Motor vehicle	5,430	25,724	(642)	1,631	32,143
Furniture and fixtures	189	5,145	-	207	5,541
Office equipment	77	803	-	19	899
Total depreciation	<u>11,773</u>	<u>385,698</u>	<u>(642)</u>	<u>15,173</u>	<u>412,002</u>
Net book value					
Capital work-in-progress	8,087,290				-
Factory land and building	-				9,528,165
Electrical installation	154,263				360,258
Plant and machinery	101,618				1,603,095
Motor vehicle	45,260				167,045
Furniture and fixtures	10,586				52,426
Office equipment	658				6,894
Total net book value	<u>8,399,675</u>				<u>11,717,883</u>

* Movements in capital work-in-progress are as under:

	<i>Factory land</i>	<i>Factory building</i>	<i>Total</i>
<i>Opening balance as at 01.04.2017</i>	<i>7,079,650</i>	<i>526,423</i>	<i>8,087,290</i>
<i>Transfer during the year</i>	<i><u>7,079,650</u></i>	<i><u>526,423</u></i>	<i><u>8,087,290</u></i>
<i>Closing balance as at 31.03.2018</i>	<i>-</i>	<i>-</i>	<i>-</i>

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

		<i>Software</i>	
		<i>USD</i>	
4. Intangible asset			
Cost			
As at 01.04.2017		10,730	
Additions during the year		1,093	
Effect of changes in exchange rates		<u>1,707</u>	
As at 31.03.2018		<u>13,530</u>	
Amortization			
As at 01.04.2017		1,093	
Charge for the year		4,121	
Effects of changes in exchange rates		<u>296</u>	
As at 31.03.2018		<u>5,510</u>	
Net book value			
As at 31.03.2018			<u>8,020</u>
As at 31.03.2017			<u>9,637</u>
		<u>2018</u>	<u>2017</u>
		<u>USD</u>	<u>USD</u>
5. Inventories			
Raw materials	949,201		-
Finished goods	1,113,980		-
Materials in transit	<u>425,897</u>		<u>-</u>
	<u>2,489,078</u>		<u>-</u>
6. Trade and other receivables			
Trade receivable*	1,280,388		-
Advance to suppliers	1,049,237		2,202
Advances to others	196,746		78
TVA receivable	-		8,599
Deposits	<u>28,015</u>		<u>8,741</u>
	<u>2,554,386</u>		<u>19,620</u>
		<u>2018</u>	<u>2017</u>
		<u>USD</u>	<u>USD</u>
7. Cash and cash equivalents			
Cash on hand	5,700		11,470
Bank balances in:			
Current accounts	323,724		167,135
Call accounts	<u>14,145</u>		<u>16,968</u>
	<u>343,569</u>		<u>195,573</u>

*Includes USD 72,411 due from related parties on trade dealing.

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

	<i>2018</i>	<i>2017</i>
	<i>USD</i>	<i>USD</i>
8. Share capital		
Authorized capital:		
220 shares of AED 100,000 each (Converted @ 1 USD =AED 3.67)	<u>5,994,550</u>	<u>5,994,550</u>
Issued and paid-up capital:		
100 shares of AED 100,000 each (Converted @ 1 USD =AED 3.67)	<u>2,724,796</u>	<u>2,724,796</u>
9. Foreign currency translation reserve		
The foreign currency translation reserve is used to record exchange difference arising from the translation of the financial statements of foreign subsidiary.		
10. Loan account		
This represents unsecured and 12 months Libor plus 500 bps p.a interest bearing loan from the parent shareholder company payable in six years from the date of disbursement.		
	<i>2018</i>	<i>2017</i>
	<i>USD</i>	<i>USD</i>
11. Term loan*		
Total amount outstanding	3,330,000	-
Due within next 12 months	<u>499,500</u>	<u>-</u>
Due after next 12 months	<u>2,830,500</u>	<u>-</u>
<i>*This represents 3 months libor plus 275 bps p.a interest bearing loan from an overseas bank repayable in six years from the date of disbursement. This is secured against irrevocable and unconditional standby letter of credit issued by Axis Bank, Kolkata Branch, India, on request of Greenply Industries Limited, India in favor of Axis Bank, DIFC Branch, Dubai, U.A.E of USD 3,500,000.</i>		
	<i>2018</i>	<i>2017</i>
	<i>USD</i>	<i>USD</i>
12. Other financial liabilities*		
Total amount outstanding	3,598,485	5,422,552
Due within next 12 months	<u>2,570,346</u>	<u>2,711,276</u>
Due after next 12 months	<u>1,028,139</u>	<u>2,711,276</u>
<i>*Towards capital goods</i>		
13. Working capital loan		
This represents 3 months libor plus 225 bps p.a interest bearing loan from an overseas bank repayable on demand. This is secured against irrevocable and unconditional standby letter of credit issued by Axis Bank, Kolkata Branch, India, on request of Greenply Industries Limited, India in favor of Axis Bank, DIFC Branch, Dubai, U.A.E of USD 2,940,000.		

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

14. Bank overdraft

This is secured against irrevocable and unconditional standby letter of credit issued by Citibank N.A, Kolkata Branch, India on request of Greenply Industries Limited, India in favor of Citibank N.A, Dubai Branch, U.A.E. of USD 2,000,000. In addition, there are various conditions and financial covenants attached to the bank facility, which are in the normal course of business.

	<i>2018</i>	<i>2017</i>
	<i>USD</i>	<i>USD</i>
15. Trade and other payables		
Trade payable	1,083,235	31,871
Advance from customers	148,460	-
Due to a director	16,349	20,949
Other payables	-	8,094
Accruals and provision	115,217	48,980
Duties and taxes payable	<u>13,188</u>	<u>1,023</u>
	<u>1,376,449</u>	<u>110,917</u>

	<i>Year ended</i>	<i>9 months</i>
	<i>31 March</i>	<i>period ended</i>
	<i>2018</i>	<i>31 March</i>
	<i>USD</i>	<i>USD</i>
16. Other income		
Misc. income	737	-
Exchange gain	<u>-</u>	<u>180,874</u>
	<u>737</u>	<u>180,874</u>

	<i>2018</i>	<i>2017</i>
	<i>USD</i>	<i>USD</i>
17. Cash and cash equivalents		
<i>(for the purpose of consolidated statement of cash flows)</i>		
Cash on hand	5,700	11,470
Bank balance in:		
Current accounts	323,724	167,135
Call accounts	<u>14,145</u>	<u>16,968</u>
	<u>343,569</u>	<u>195,573</u>
Bank overdraft	<u>(1,569,602)</u>	<u>(652,542)</u>
	<u>(1,226,033)</u>	<u>(456,969)</u>

18. Related party transactions and balances

Related parties comprise the parent shareholder company and director as under:

Greenply Industries Limited, India – *Parent shareholder company*
Mr. Sudeep Jain – *Key management personnel*
Mr. Rajesh Mittal – *Key management personnel*

Balances at the date of consolidated statement of financial position and significant transactions during the year with the related parties were as under:

GREENPLY MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2018

Related party transactions and balances (cont'd)

		<i>Parent shareholder company USD Dr/(Cr)</i>	<i>Key management personnel USD Dr/(Cr)</i>	<i>Total USD Dr/(Cr)</i>
<u>Balance:</u>				
Accounts receivable	2018	72,411	-	72,411
	2017	-	-	-
Loan account	2018	(2,500,000)	-	(2,500,000)
	2017	(700,000)	-	(700,000)
Due to director	2018	-	(16,349)	(16,349)
	2017	-	(20,949)	(20,949)
<u>Transactions:</u>				
Sales	2018	1,714,863	-	1,714,863
	2017	-	-	-
Interest on loan	2018	94,935	-	94,935
	2017	15,584	-	15,584
Commission expense	2018	125,322	-	125,322
	2017	3,616	-	3,616
Director's remuneration	2018	-	196,473	196,473
	2017	-	147,190	147,190

19. Comparative figures

Previous period's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.

Previous period's figures are for 9 months hence not comparable with those of current year.

20. Approval of the consolidated financial statements

The consolidated financial statements were approved by the board on 20 May 2018 and authorized Mr. Sudeep Jain to sign on behalf of the Board.