

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in Republic of Singapore)
(Reg. No. 201324866 N)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

The directors present their report to the members together with the audited financial statements of Steel Network (Holdings) Pte. Ltd. (the Company) for the financial year ended 31 March 2018.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

SRINIVAS SUKUMAR
ILAYA ARUNACHALAM SHANMUGASAMY BALAMURUGAN
KALASEGARAN S/O GENKATHARAN

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year has no interest in the shares or debentures of the Company or its related corporations, except as stated below:

Names of Directors	Shares of Rs.10/- each	
	At the beginning of the year	At the end of the year
SHARES IN HOLDING COMPANY		
SHANKARA BUILDING PRODUCTS LIMITED f.k.a SHANKARA INFRASTRUCTURE MATERIALS LIMITED		
SRINIVAS SUKUMAR	12,519,998	12,519,998

Mr. Srinivas Sukumar, who by virtue of his interest of not less than 20% of the issued share capital of the holding company, is deemed to have an interest in whole of the share capital of the Company and Company's wholly owned subsidiary.

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT (cont'd)

SHARE OPTIONS

There were no share options granted during the financial period to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under options at the end of the financial year.

AUDITOR

MGI N Rajan Associates has expressed its willingness to accept re-appointment as auditor

On behalf of the Board of Directors



KALASEGARAN S/O GENKATHARAN



SRINIVAS SUKUMAR

SINGAPORE
DATE: 11 MAY 2018



MGI N RAJAN ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEEL NETWORK
(HOLDINGS) PTE. LTD.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Steel Network (Holdings) Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company 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 are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (Set out on pages 2 to 3)

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

**INDEPENDENT AUDITOR'S REPORT (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the Company'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 assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgement 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.

**INDEPENDENT AUDITOR'S REPORT (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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 the 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 Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



**MGI N RAJAN ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS**

Singapore

Date: 11 MAY 2018

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 US\$	2017 US\$
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiary	4	1,537,957	1,537,957
		<u>1,537,957</u>	<u>1,537,957</u>
CURRENT ASSETS			
Cash and cash equivalents		-	261
Amount due from holding company	5	433,540	444,081
		<u>433,540</u>	<u>444,342</u>
TOTAL ASSETS		<u>1,971,497</u>	<u>1,982,299</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Other payables	6	13,400	18,084
Bank overdraft (unsecured)		247	-
		<u>13,647</u>	<u>18,084</u>
EQUITY			
Share capital	7	2,000,000	2,000,000
Accumulated (losses)		(42,150)	(35,785)
		<u>1,957,850</u>	<u>1,964,215</u>
TOTAL EQUITY AND LIABILITIES		<u>1,971,497</u>	<u>1,982,299</u>

(The annexed notes form an integral part of and should read in conjunction with these financial statements.)

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	Note	2018 US\$	2017 US\$
Revenue		-	-
<hr/>			
Expenses			
Operating expenses		6,365	9,244
Total Expenses		6,365	9,244
<hr/>			
(Loss) before tax		(6,365)	(9,244)
Tax expense	9	-	-
<hr/>			
(Loss) for the year, representing total comprehensive income for the year		(6,365)	(9,244)

(The annexed notes form an integral part of and should read in conjunction with these financial statements.)

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Share capital	Accumulated (losses)	Total
	US\$	US\$	US\$
Balance as at 1 April 2016	2,000,000	(26,541)	1,973,459
Total Comprehensive Income for the year	-	(9,244)	(9,244)
Balance as at 31 March 2017 and 1 April 2017	2,000,000	(35,785)	1,964,215
Total Comprehensive Income for the year	-	(6,365)	(6,365)
Balance as at 31 March 2018	2,000,000	(42,150)	1,957,850

(The annexed notes form an integral part of and should read in conjunction with these financial statements.)

STEEL NETWORK (HOLDINGS) PTE. LTD.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	2018 US\$	2017 US\$
Cash flows from operating activities		
Loss before tax	(6,365)	(9,244)
Operating (loss) before reinvestment of capital	<u>(6,365)</u>	<u>(9,244)</u>
(Decrease)/Increase in other payables	(4,684)	8,684
Decrease in other receivables	10,541	-
Net cash (used in) operating activities	<u>(508)</u>	<u>(560)</u>
Net change in cash and cash equivalents	(508)	(560)
Cash and cash equivalents at beginning of year	261	821
Cash and cash equivalents at end of the year	<u>(247)</u>	<u>261</u>

(The annexed notes form an integral part of and should read in conjunction with these financial statements.)

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

1. GENERAL

STEEL NETWORK (HOLDINGS) PTE. LTD. (the "Company") is incorporated and domiciled in Singapore with its registered office & principal place of business at no. 10 Jalan Besar, #10-12 Sim Lim Tower, Singapore – 208787.

The principal activities of the Company are that of wholesale of matels and metal ores except general hardware manufacture, distribution of roofing sheets, steel pipes and general hardware , whole sale trade including general importers and exporters.

However the Company has not done any business and remained dormant during the financial year.

The immediate and ultimate holding Company is Shankara Building Products Limited formerly known as Shankara Infrastructure Materials Limited, a company incorporated in India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States dollar (US\$), which is the Company's functional currency.

2.2 Adoptions of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after April 1, 2017 including the Amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have any material effect on the financial statements.

2.3 Standards issued but not yet effective

The following standards which are relevant to the Company that have been issued but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
FRS 109 Financial Instruments	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 102: Classification and Measurement of Share-Based Payment Transactions	1 January 2018

As the Company remained dormant, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

2.4 Foreign currency transactions and balances

Transactions in foreign currency are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognized in profit or loss.

2.5 Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise amount due from holding company and cash and cash equivalents.

Cash and cash equivalent comprises cash at bank.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

2.5 Financial instruments (cont'd)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise accruals.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.6 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

2.6 Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

By virtue of Para 4 of FRS 110 the subsidiary's results have not been consolidated as the Company is itself a fully owned subsidiary of another company Shankara Building Products Ltd. (formerly known as Shankara Infrastructure materials Ltd.) a company, incorporated in India which publishes the consolidated financial statements. The address of the holding company is at G-2, Farah Winsford, 133, Infantry Road, Bangalore-560001, India.

2.8 Impairment of non-financial assets

The Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

Impairment losses are recognized in profit or loss.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized previously. Such reversal is recognized in profit or loss.

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

2.9 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

2.11 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.12 Related party

A Party is considered to be related to the Company if:-

- a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of parent of the Company.
- b) An entity is related to the Company if any of the following conditions applies:
 - (iv) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others)
 - (v) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member)
 - (vi) Both entities are joint venture of the same third party
 - (vii) One entity is a joint venture of a third entity and the other entity is an associate of the third Entity
 - (viii) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (ix) The entity is controlled or jointly controlled by a person identified in (a)
 - (x) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)
 - (xi) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT'D

2.13 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. However no estimates and assumptions are made during the financial year.

4. INVESTMENT IN SUBSIDIARY

	2018 US\$	2017 US\$
Investment in unquoted equity shares, at cost	1,537,957	1,537,957

The details of the subsidiary is as follows:

Subsidiary Company	Principal activities	Country of incorporation	Equity Holding
CENTURYWELLS ROOFING INDIA (PVT) LTD	Manufacture and Trading of Steel roofing sheets	India	100%

5. AMOUNT DUE FROM HOLDING COMPANY

This represents due from holding company for its allotment of shares of the Company and its interest-free, unsecured and is repayable on demand.

6. OTHER PAYABLES

	2018 US\$	2017 US\$
Accruals	13,400	18,084
	<u>13,400</u>	<u>18,084</u>

7. SHARE CAPITAL

	2018 US\$	2017 US\$
2,000,000 (2017: 2,000,000) issued and fully paid ordinary shares	2,000,000	2,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

STEEL NETWORK (HOLDINGS) PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

8. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development by issuing or redeeming equity and debts instruments when necessary.

The board of directors monitors its capital based on net debt and total capital. Net debt calculated as borrowings plus trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

The Company is not subject to any externally imposed capital requirements.

	2018	2017
	US\$	US\$
Net debt	13,647	17,823
Total equity	1,957,850	1,964,215
Total capital	1,971,497	1,982,038
Gearing ratio	0.69%	0.89%

9. TAX EXPENSE

No provision for tax has been made in the current year as the Company remained dormant since its incorporation.

10. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations are at the end of the financial period in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the statement of financial position.

The Company has no significant concentration of credit risk at the end of the reporting period except due from its holding company (Note 5). As the Company is dormant at the end of the reporting period, it has no third parties receivables.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

10. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The table below analyses the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted repayment obligations.

2018

	Less than 1 year US\$	Between 1 And 2 years US\$	Between 2 And 5 years US\$	Total US\$
Financial assets				
Amount due from Holding Company	433,540	-	-	433,540
Total undiscounted financial assets	433,540	-	-	433,540
Financial liabilities				
Cash and cash equivalents	247	-	-	247
Other payables	13,400	-	-	13,400
Total undiscounted financial liabilities	13,647	-	-	13,647
Total net undiscounted financial assets	419,893	-	-	419,893

March 2017

	Less than 1 year US\$	Between 1 And 2 years US\$	Between 2 And 5 years US\$	Total US\$
Financial assets				
Amount due from Holding Company	444,081	-	-	444,081
Cash and cash equivalents	261	-	-	261
Total undiscounted financial assets	444,342	-	-	444,342
Financial liabilities				
Other payables	18,084	-	-	18,084
Total undiscounted financial liabilities	18,084	-	-	18,084
Total net undiscounted financial assets	426,258	-	-	426,258

The Company has no significant exposure to any other financial risks.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
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11. FAIR VALUES

The fair value of a financial instrument is the amount at which the instrument would be exchanged or settled between knowledgeable willing parties in an arm's length transaction.

Other payables, cash and cash equivalents and amount due from holding company approximate their fair values due to the short-term nature of these balances.

12. FINANCIAL INSTRUMENT BY CATEGORY

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2018	2017
	US\$	US\$
Loans and receivables		
Cash and cash equivalents	-	261
Amount due from holding company	433,540	444,081
Total loans and receivables	<u>433,540</u>	<u>444,342</u>
Financials liabilities at amortized cost		
Other payables	13,400	18,084
Bank Overdraft	247	-
Total financial liabilities at amortised cost	<u>13,647</u>	<u>18,084</u>

13. RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company with related parties at negotiated rates.

During the year the Company has entered into transaction with a related party as shown below:-

	2018	2017
	US\$	US\$
Reimbursement of expenses by holding company	<u>10,541</u>	-

14. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 10 May 2018.

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(This does not part form of audited financial statements)

**DETAILED PROFIT AND LOSS ACCOUNT FOR
THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	2018	2017
	US\$	US\$
Revenue	<u>-</u>	<u>-</u>
Operating Expenses		
Audit fees	2,835	2,952
Bank charges	1,231	1,259
Filing charges	780	2,428
Registered office fees	420	640
Secretarial fees	679	1,545
Tax fees	420	420
	<u>6,365</u>	<u>9,244</u>
(Loss) for the period	<u>(6,365)</u>	<u>(9,244)</u>