

**WELSPUN MAURITIUS HOLDINGS LTD**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2019**

**WELSPUN MAURITIUS HOLDINGS LTD**

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**WELSPUN MAURITIUS HOLDINGS LTD****COMPANY INFORMATION****Appointed on**

<b>DIRECTORS:</b>	Mr. Devendra Krishna Patil	09 June 2008
	Mr. Naushad Ally Sohoboo	03 October 2011
	Mr. Srinivasan Krishnan	06 March 2014
	Mr. Sandeep Fakun	04 March 2016

**SECRETARY & ADMINISTRATOR:** IQ EQ Corporate Services (Mauritius) Ltd  
(formerly known as SGG Corporate Services (Mauritius) Ltd)  
33, Edith Cavell Street  
Port-Louis, 11324  
Mauritius

**REGISTERED OFFICE:** C/o IQ EQ Corporate Services (Mauritius) Ltd  
33, Edith Cavell Street  
Port-Louis, 11324  
Mauritius  
*As from 04 April 2019*

C/o SGG Corporate Services (Mauritius) Ltd  
33, Edith Cavell Street  
Port-Louis, 11324  
Mauritius  
*Up to 03 April 2019*

**AUDITORS:** AEJAZ NAZIR ASSOCIATES & CO  
Chartered Certified Accountants  
18, Dr Auguste Rouget Street  
Port Louis  
Mauritius

**BANKERS:** Standard Chartered Bank (Mauritius) Limited  
6<sup>th</sup> Floor, Raffles Tower Cybercity  
Ebène  
Mauritius

**WELSPUN MAURITIUS HOLDINGS LTD****COMMENTARY OF THE DIRECTORS**

The Directors are pleased to present their annual report and the audited financial statements of WELSPUN MAURITIUS HOLDINGS LTD (the "Company") for the year ended 31 March 2019.

**INCORPORATION**

The Company was incorporated in the Republic of Mauritius on 09 June 2008 under the Companies Act 2001 as a private company limited by shares.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is that of investment holding.

**RESULTS AND DIVIDEND**

The Company's results for the year ended 31 March 2019 are as shown in the statement of profit or loss and other comprehensive income and related notes.

The directors do not recommend a dividend for the year under review. (2018: NIL)

**DIRECTORS**

The present membership of the Board is set out on page 2.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 March 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001.

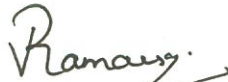
The directors' responsibility includes: designing, implementing internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be going concern in the period ahead

**AUDITORS**

The Auditors, AEJAZ NAZIR ASSOCIATES & CO, have indicated their willingness to continue in office.

We certify that, to the best of our knowledge and belief, WELSPUN MAURITIUS HOLDINGS LTD have filed with the Registrar of Companies for the year 31 March 2019, all such returns as are required under the Mauritian Companies Act 2001.



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for **IQ EQ Corporate Services (Mauritius) Ltd**  
**Secretary**

**Date: 07 May 2019**

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF WELSPUN MAURITIUS HOLDINGS LTD**

**Opinion**

We have audited the financial statements WELSPUN MAURITIUS HOLDINGS LTD (the "Company"), set out on pages 8 to 35, which comprise the statement of financial position as at 31 March 2019, 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 financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. 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 other independence requirements applicable to performing audits of financial statements in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Mauritius. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and the Statement of Profit or Loss and Other Comprehensive Income as required by the Mauritius Companies Act 2001 of Mauritius, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF WELSPUN MAURITIUS HOLDINGS LTD**

### **Responsibilities of the directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have 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 International Standards on Auditing 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 International Standards on Auditing, 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF WELSPUN MAURITIUS HOLDINGS LTD**

**Auditor's responsibilities for the audit of the Financial Statements (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 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.

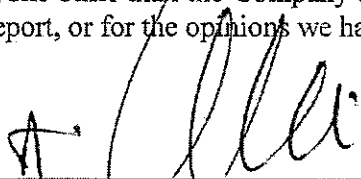
**Report on other legal and regulatory requirements**

***Mauritius Companies Act 2001***

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Use of report**

This report is made solely for the Company's shareholder, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder, as a body, for our audit work, for this report, or for the opinions we have formed.



**AEJAZ NAZIR ASSOCIATES & CO**  
**Chartered Certified Accountants**  
**18, Dr Auguste Rouget Street,**  
**Port Louis, Mauritius**

Represented by Aejaz Nazir (FCCA, MIPA) (*Licensed by FRC*)  
Partner

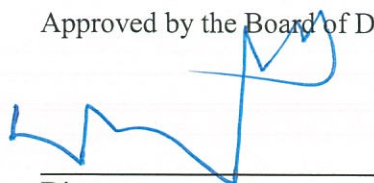
Date: 07 May 2019.



**WELSPUN MAURITIUS HOLDINGS LTD****STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2019**

	<u>Notes</u>	<u>2019</u> USD	<u>2018</u> USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	5	19,408,798	19,408,798
Loans receivable	6	29,452,544	28,906,524
		<u>48,861,342</u>	<u>48,315,322</u>
<b>Current assets</b>			
Trade and other receivables	7	182,179	182,227
Prepayments		-	6,150
Cash and cash equivalents		87,247	130,015
		<u>269,426</u>	<u>318,392</u>
<b>Total assets</b>		<u>49,130,768</u>	<u>48,633,714</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	8	23,567,455	23,567,455
Revaluation reserve		4,764,204	4,764,204
Retained earnings		5,786,932	5,290,001
		<u>34,118,591</u>	<u>33,621,660</u>
<b>Current liabilities</b>			
Borrowings	9	15,000,000	15,000,000
Trade and other payables	10	8,200	8,200
Taxation	11	3,977	3,854
		<u>15,012,177</u>	<u>15,012,054</u>
<b>Total equity and liabilities</b>		<u>49,130,768</u>	<u>48,633,714</u>

Approved by the Board of Directors on 07 May 2019 and signed on its behalf by



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

The notes on pages 12 to 35 form an integral part of these financial statements.  
Independent auditors' report on pages 5 to 7.

**WELSPUN MAURITIUS HOLDINGS LTD****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
		USD	USD
<b>INCOME</b>			
Interest income		<u>1,284,807</u>	<u>1,283,290</u>
<b>EXPENSES</b>			
Secretarial fees		1,700	1,700
Directors' remuneration		1,700	1,700
Professional fees		4,900	7,200
License fees		2,025	2,025
Audit fees		3,420	3,420
Accounting fees		4,500	4,600
Tax filing fees		1,100	1,900
Administrative expenses		500	400
Bank charges		2,078	2,656
Interest expense		<u>712,500</u>	<u>720,416</u>
		<u>734,423</u>	<u>746,017</u>
<b>Profit before taxation</b>		<b>550,384</b>	<b>537,273</b>
Taxation	11	<b>(53,453)</b>	<b>(53,183)</b>
<b>Profit for the year</b>		<u>496,931</u>	<u>484,090</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>496,931</u>	<u>484,090</u>

The notes on pages 12 to 35 form an integral part of these financial statements.  
Independent auditors' report on pages 5 to 7.

**WELSPUN MAURITIUS HOLDINGS LTD****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	<b>Stated capital</b>	<b>Preference shares</b>	<b>Revaluation reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	USD	USD	USD	USD	USD
At 01 April 2017	113,455	23,454,000	4,764,204	4,805,911	33,137,570
Total comprehensive income for the year	-	-	-	484,090	484,090
At 31 March 2018	<u>113,455</u>	<u>23,454,000</u>	<u>4,764,204</u>	<u>5,290,001</u>	<u>33,621,660</u>
At 01 April 2018	113,455	23,454,000	4,764,204	5,290,001	33,621,660
Total comprehensive income for the year	-	-	-	496,931	496,931
At 31 March 2019	<u>113,455</u>	<u>23,454,000</u>	<u>4,764,204</u>	<u>5,786,932</u>	<u>34,118,591</u>

The notes on pages 12 to 35 form an integral part of these financial statements.  
Independent auditors' report on pages 5 to 7.

**WELSPUN MAURITIUS HOLDINGS LTD****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>2019</u>	<u>2018</u>
	USD	USD
<b>Cash flow from operating activities</b>		
Profit before taxation	550,384	537,273
Adjustments for:		
Interest expense	712,500	720,416
Interest income	(1,284,807)	(1,283,175)
Decrease/(increase) in trade and other receivables	6150	(6,150)
Increase in trade payables	-	100
	<u>(15,773)</u>	<u>(31,536)</u>
Tax paid	(16,389)	(16,362)
<b>Net cash used in operating activities</b>	<u>(32,162)</u>	<u>(47,898)</u>
<b>Cash flow from financing activities</b>		
Loan interest received	701,893	701,919
Loan interest paid	(712,500)	(720,416)
<b>Net cash used in financing activities</b>	<u>(10,607)</u>	<u>(18,497)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(42,768)</u>	<u>(66,395)</u>
Cash and cash equivalents at beginning of the year	<u>130,015</u>	<u>196,410</u>
Cash and cash equivalents at end of the year	<u>87,247</u>	<u>130,015</u>
<b>Cash and cash equivalents consist of:</b>		
Cash at bank	<u>87,247</u>	<u>130,015</u>

The notes on pages 12 to 35 form an integral part of these financial statements.  
Independent auditors' report on pages 5 to 7.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****1. GENERAL INFORMATION**

WELSPUN MAURITIUS HOLDINGS LTD (the "Company") was incorporated in Mauritius on 09 June 2008 as a private company limited by shares under section 24 of the Companies Act 2001.

The Company's registered office is C/o IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port-Louis, 11324, Mauritius. The Company holds a Category 1 Global Business Licence under the Financial Services Act 2007. The Company is licensed as an investment holding activities.

**2. NEW STANDARDS AND INTERPRETATIONS****Standards and interpretations effective and adopted in the current year**

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

<b>Standard / Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
• IFRS 9 Financial instruments	01 January 2018	The impact of the Standard is material
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the Standard is material
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the Standard is not material
• Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01 January 2018	The impact of the Standard is not material
• Amendments to IAS 28: Annual Improvements to IFRS 2014 -2016 cycle	01 January 2018	The impact of the Standard is not material
• Amendments to IFRS 1: Annual Improvements to IFRS 2014 -2016 cycle	01 January 2018	The impact of the Standard is not material
• Amendments to IAS 40: Transfers of Investment Property	01 January 2018	The impact of the Standard is not material
• Foreign Currency Transactions and Advance Consideration	01 January 2018	The impact of the Standard is not material
• Amendments to IFRS 4: Insurance Contracts	01 January 2018	The impact of the Standard is not material
• Amendments to IFRS 4: Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts	01 January 2018	The impact of the Standard is not material

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently, are set out below.

**(a) Basis of preparation**

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Mauritius Companies Act 2001.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in US Dollars, which is the Company's functional currency.

**(b) Translation of foreign currencies****Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in US Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in US Dollars by applying to the foreign currency amount the exchange rate between the US Dollar and the foreign currency at the date of the cash flow.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(c) Joint arrangements**

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

**Joint ventures**

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, interests in joint ventures are carried in the statement of financial position at cost adjusted for post acquisition changes in the company's share of net assets of the joint venture, less any impairment losses.

The company's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in a joint venture in excess of the company's interest in that joint venture, including any other unsecured receivables, are recognised only to the extent that the company has incurred a legal or constructive obligation to make payments on behalf of the joint venture.

Any goodwill on acquisition of a joint venture is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the company.

When the company loses joint control, the company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

In the company's separate financial statements, investments in joint ventures are Welspun Middle East Pipes Company LLC and Welspun Middle East Pipes Coatings Company LLC. The Company has not equity accounted the results of the joint ventures as Welspun Corp Limited would consider both entities as subsidiary in their consolidated financial statements since the Company hold more than 50 % of the share capital of the joint ventures.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(c) Joint arrangements (Cont'd)****Joint operations**

The company recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

**Consolidated financial statements**

No consolidated accounts have been prepared as the directors of the Company have taken advantage of the exemption under the Mauritian Company's Act 2001, which exempts a company holding a Global Business Licence from preparing consolidated financial statements when it is a wholly owned or virtually wholly owned subsidiary of a Company incorporated outside Mauritius.

**(d) Impairment of assets**

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. An impairment loss of a revalued asset is treated as revaluation decrease.



**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(e) Financial instruments**

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.

Financial liabilities:

- Amortised cost;

Note 12 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(e) Financial instruments (Cont'd)****Loans receivable at amortised cost****Classification**

Loans receivable (note 6) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

**Recognition and measurement**

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Application of the effective interest method**

Interest income is calculated using the effective interest method, and is included in profit or loss in interest income.

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(e) Financial instruments (Cont'd)****Impairment**

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

**Trade and other receivables****Classification**

Trade and other receivables, excluding, when applicable, prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

**Recognition and measurement**

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(e) Financial instruments (Cont'd)****Impairment**

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

**Trade and other payables****Classification**

Trade and other payables (note 8), excluding amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

**Recognition and measurement**

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

**Cash and cash equivalents**

Cash comprises cash at bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(e) Financial instruments (Cont'd)****Borrowings****Classification**

Borrowings (note 9) are classified as financial liabilities subsequently measured at amortised cost.

**Recognition and measurement**

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in interest expense.

Borrowings expose the company to liquidity risk and interest rate risk.

**Derecognition****Financial assets**

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****Financial liabilities**

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(f) Financial instrument: IAS 39 comparatives****Classification**

The company classifies financial assets and financial liabilities into the following categories:

- Loans receivable
- Trade and other receivable.
- Cash and cash equivalents
- Trade and other payables
- Borrowings

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

**Subsequent measurement**

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(f) Financial instrument: IAS 39 comparatives (Cont'd)****Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

**Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

**Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(g) Tax****Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

**Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or different period, to other comprehensive income, or
- a business combination

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited to equity if the tax relates to items that are credited or charged, in the same or different period, to equity.

**(h) Stated capital**

The Company ordinary shares are classified as equity.



**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(i) Provisions and contingencies**

Provisions are recognised when:

- (i) the Company has a present obligation as a result of a past event;
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

**(k) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must also be met before revenue can be recognised.

Dividend income is recognised on the dates the securities are first quoted "ex-dividend" to extent that information thereon is reasonably available to the Company and when the shareholder's right to receive payment is established.

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

**(l) Expense recognition**

Expenses are accounted for in the statement of comprehensive income on an accruals basis.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(m) Borrowing costs**

Borrowing costs directly attributable to the acquisition, contribution or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All the borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

**(n) Dividends**

Dividends are recorded in the Company's financial statements in the year in which they are approved by the Company's shareholder.

**(o) Related party transactions**

For the purpose of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individual or other entities.

**(p) Significant judgements and sources of estimation uncertainty**

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

*Critical judgements in applying accounting policies*

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there on are dependent on the functional currency selected. As described in Note 3(b), the directors have considered those factors described therein and have determined that the functional currency of the Company is the United States Dollars ("USD").

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****3. ACCOUNTING POLICIES (Cont'd)****(p) Significant judgements and sources of estimation uncertainty***Recoverability of trade receivables*

The Company reviews its trade receivables at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income. In particular, management judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

**4. CHANGES IN ACCOUNTING POLICY**

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

**Application of IFRS 9 Financial Instruments**

In the current year, the company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the company's financial statements are described below.

The company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****4. CHANGES IN ACCOUNTING POLICY (Cont'd)****Classification and measurement of financial assets**

The date of initial application (i.e. the date on which the company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 January 2018. Accordingly, the company has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income.

When a debt investment measured at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

The directors reviewed and assessed the company's existing financial assets as at 01 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the company's financial assets as regards to their classification and measurement:

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****4. CHANGES IN ACCOUNTING POLICY (Cont'd)****Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the company to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances

As at 01 January 2018, the directors reviewed and assessed the company's existing financial assets, amounts due from customers and financial guarantee contracts for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 January 2017 and 01 January 2018.

The result of the assessment is as follows:

<b>Items existing on 01 January 2018 that are subject to the impairment provisions of IFRS 9</b>	<b>Credit risk attributes at 01 January 2018</b>
Trade and other receivables	The company applies the simplified approach and recognises lifetime credit losses for the assets. Trade and receivables have been assessed by directors and have been classed as low risk.
Cash and cash equivalents	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****4. CHANGES IN ACCOUNTING POLICY (Cont'd)****Impairment of financial assets (Cont'd)****Total additional loss allowance**

There is no additional loss allowance charged against the respective asset or provision for financial guarantee, except for the investments at fair value through other comprehensive income, the loss allowance for which is recognised against the reserve in equity. The application of the IFRS 9 impairment requirements has resulted in no additional loss allowance to be recognised in the current year (2017: Nil).

**Classification and measurement of financial liabilities**

One major change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

Apart from the above, the application of IFRS 9 has had no impact on the classification and measurement of the company's financial liabilities.

**Application of IFRS 15 Revenue from contracts with customers**

In the current year, the company has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the company financial statements are described below. Refer to the revenue accounting policy for additional details.

The company has applied IFRS 15 with an initial date of application of 01 January 2018 in accordance with the cumulative effect, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 01 January 2018. The comparative information has therefore not been restated.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

<b>5. INVESTMENTS</b>	<u>2019</u>	<u>2018</u>
	<u>USD</u>	<u>USD</u>
At start	<u>19,408,798</u>	19,408,798
At end	<u>19,408,798</u>	<u>19,408,798</u>

*Details of investments*

<u>Name of Company</u>	<u>Country of incorp</u>	<u>Type of shares</u>	<u>Types of Investments</u>	<u>No of shares</u>	<u>% holding</u>	<u>2019</u>	<u>2018</u>
						<u>USD</u>	<u>USD</u>
Welpsun Middle East Pipes Company LLC	Saudi Arabia	Equity	Unquoted	38,031,042	50.01	<u>10,141,611</u>	10,141,611
Welpsun Middle East Pipes Coatings Company LLC	Saudi Arabia	Equity	Unquoted	16,886,189	50.01	<u>9,267,187</u>	9,267,187
						<u>19,408,798</u>	<u>19,408,798</u>

The directors had valued the unquoted investment at cost. They were of the opinion that this reflects the value of the investment.

<b>6. LOANS RECEIVABLES</b>	<u>2019</u>	<u>2018</u>
	<u>USD</u>	<u>USD</u>
Welpsun Middle East Pipes Company LLC - note (a)	<u>14,121,607</u>	14,121,607
Welpsun Middle East Pipes Coatings Company LLC - note (b)	<u>15,264,270</u>	14,718,250
Welpsun Middle East Pipes Coatings Company LLC -(note (c))	<u>66,667</u>	66,667
	<u>29,452,544</u>	<u>28,906,524</u>

(a) The loan is interest bearing, unsecured and has no fixed repayment terms.

(b) The loan is interest bearing, unsecured and has no fixed repayment terms.

(c) The loan is interest free, unsecured and has no fixed repayment terms.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

<b>7. TRADE AND OTHER RECEIVABLES</b>	<b>2019</b>	<b>2018</b>
	<b>USD</b>	<b>USD</b>
Interest receivable	<u>182,179</u>	<u>182,227</u>

<b>8. STATED CAPITAL</b>	<b>2019</b>	<b>2018</b>
	<b>USD</b>	<b>USD</b>
<i>Issued and fully paid up</i>		
113,455 ordinary shares of USD 1 each	113,455	113,455
23,454,000 preference shares of USD 1 each	<u>23,454,000</u>	<u>23,454,000</u>
	<u>23,567,455</u>	<u>23,567,455</u>

<b>Shareholders holding the Company</b>	<b>2019</b>		<b>2018</b>	
	%	USD	%	USD
<i>Ordinary shares of USD 1 each</i>				
Welspun corp limited	89.98	102,089	89.98	102,089
Al-Haitam for Industries & Economic Development	10.02	11,366	10.02	11,366
<i>Preference shares of USD 1 each</i>				
Welspun corp limited	100	23,454,000	100	23,454,000

<b>9. BORROWINGS</b>	<b>2019</b>	<b>2018</b>
	<b>USD</b>	<b>USD</b>
Welspun Tubulars LLC – note (a)	<u>15,000,000</u>	<u>15,000,000</u>

(a) The loan is interest bearing, unsecured and is renewable on every 90 days.

<b>10. TRADE AND OTHER PAYABLES</b>	<b>2019</b>	<b>2018</b>
	<b>USD</b>	<b>USD</b>
Accrued expenses	<u>8,200</u>	<u>8,200</u>



**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****11. TAXATION**

The Company is liable to pay tax in Mauritius at the rate of 15%. However, foreign tax credit is the higher of:

- (a) deemed foreign tax credit of 80% of Mauritius tax charge, and
- (b) withholding tax suffered on foreign source income. In addition to the withholding tax credit, in the case of dividend income, tax credit is available for any foreign tax imposed on the profits out of which that dividend income was directly and indirectly received. Capital gains are exempt from tax in Mauritius.

A numerical reconciliation between the accounting profit and the tax charge is shown below:

<b>Tax reconciliation</b>	<u>2019</u>	<u>2018</u>
	USD	USD
Profit before taxation	550,384	537,273
Add: Non allowable expenditure	-	-
Less: Exempt income	-	-
Chargeable income	<u>550,384</u>	<u>537,273</u>
Tax at 15%	82,558	80,591
Less deemed tax credit	<u>(66,046)</u>	<u>(64,473)</u>
Tax charge for the year (Note 1)	16,512	16,118
Less tax paid during the year	<u>(12,535)</u>	<u>(12,264)</u>
Tax liability	<u>3,977</u>	<u>3,854</u>
<b>Tax recognised in profit or loss is as follows</b>	<u>2019</u>	<u>2018</u>
	USD	USD
Tax as per Note 1 above	16,512	16,118
Withholding tax suffered	<u>36,941</u>	<u>37,065</u>
Total tax recognised in profit or loss	<u>53,453</u>	<u>53,183</u>

**12. FINANCIAL INSTRUMENTS****(a) Values of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Company's financial assets and liabilities include loans receivable, cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. The carrying amounts of these assets and liabilities approximate their fair values.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****12. FINANCIAL INSTRUMENTS (Continued)****(b) Currency profile**

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	<b>Financial assets 2019 USD</b>	<b>Financial liabilities 2019 USD</b>	<b>Financial assets 2018 USD</b>	<b>Financial liabilities 2018 USD</b>
United States Dollars	<u>48,948,589</u>	<u>15,008,200</u>	<u>48,445,337</u>	<u>15,008,200</u>

*Note:* Prepayments not included under financial assets (2018: USD 6,150).

**(c) Credit risk**

Credit risk refers to the risk that counterparties will default on their obligations resulting in financial loss to the Company. The Company has, as far as it is practicable, adopted a policy of only dealing with creditworthy counterparties. The Company's exposure and the credit ratings of its customers are continuously monitored. The Company has no history of default clients. No credit risk is associated with the bank balances since the bank is reputable and with high credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period was:

	<b>2019 USD</b>	<b>2018 USD</b>
Trade and other receivable	<b>182,179</b>	182,227
Cash and cash equivalents	<b>87,247</b>	130,015
	<u><b>269,426</b></u>	<u>312,242</u>

**(d) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****12. FINANCIAL INSTRUMENTS (Continued)****(d) Liquidity risk (continued)**

The table below illustrates the aged analysis of the company's financial assets and liabilities.

	<b>31 March 2019</b>		
	<b>On demand USD</b>	<b>1 to 5 Years USD</b>	<b>Total USD</b>
<b>Liabilities</b>			
Borrowings	15,000,000	-	15,000,000
Other payables	8,200	-	8,200
<i>Total liabilities</i>	<u>15,008,200</u>	<u>-</u>	<u>15,008,200</u>
	<b>31 March 2018</b>		
	<b>On demand USD</b>	<b>1 to 5 Years USD</b>	<b>Total USD</b>
<b>Liabilities</b>			
Borrowings	15,000,000	-	15,000,000
Other payables	8,200	-	8,200
<i>Total liabilities</i>	<u>15,008,200</u>	<u>-</u>	<u>15,008,200</u>

**13. PREFERENCE SHARES OF THE COMPANY**

The terms and conditions of the preference shares issued are as follows:

Instrument: Non-cumulative, Optionally-convertible, Redeemable Preference Shares

Face Value: US\$1

Dividend rate: 7% (Non-cumulative) of the 23,454,000 preference shares issued.

Tenure: 10 years from the date of allotment

Early Redemption Option: at the end of 3, 4, & 5 anniversary from the date of allotment

Mandatory Redemption: at the end of 10th year from the date of allotment

Redemption amount: at par

**14. CONTINGENT LIABILITIES**

At 31 March 2019, the Company has no material litigation or claims outstanding, pending or threatened against, which could have a material effect on the Company's financial position or results of operations.

**WELSPUN MAURITIUS HOLDINGS LTD****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****15. RELATED PARTY TRANSACTIONS**

The following are related party transactions and balances at year end. All transactions and balances at year end. All transactions are carried out on an arm's length basis.

<u>Name of company</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u> USD	<u>Debit/(credit) balances at 31 March 2019</u> USD	<u>Debit/(credit) balances at 31 March 2018</u> USD
Welspun Middle East Pipe Company LLC	Joint Venture	Loan Receivable	14,121,607	14,121,607
Welspun Middle East Pipe Company LLC	Joint Venture	Interest receivable	182,179	182,227
Welspun Middle East Pipe Coatings LLC	Joint Venture	Loan receivable	15,330,937	14,784,917
Welspun Tubulars LLC	Associate	Loan payable	(15,000,000)	(15,000,000)
<b>Transactions during the year:</b>				
Welspun Middle East Pipe Company LLC	Joint Venture	Interest income	738,787	737,060
Welspun Middle East Pipe Coatings LLC	Joint Venture	Interest income	546,020	546,230
Welspun Tubulars LLC	Associate	Interest expense	712,500	720,416

**16. CAPITAL COMMITMENTS**

The Company has no material commitments at 31 March 2019.

**17. EVENTS AFTER REPORTING PERIOD**

There have been no material events after reporting period, which would require disclosure or adjustment to the year ended 31 March 2019 financial statements.

**18. HOLDING COMPANY**

The directors consider Welspun Corp Limited, a company incorporated in India as the holding company.

**19. REPORTING CURRENCY**

The financial statements are presented in United States Dollar ("USD").