Welspun Middle East DMCC
Dubai, United Arab Emirates

MANAGER'S REPORT

AND

AUDITED FINANCIAL STATEMENTS

31 March 2019

Welspun Middle East DMCC

MANAGER'S REPORT & AUDITED FINANCIAL STATEMENTS

31 March 2019

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WELSPUN

Dare to Commit

WELSPUN Middle East DMCC

MANAGER'S REPORT

I have pleasure in presenting this report and the audited financial statements of Welspun Middle East DMCC ("the Company") for the year ended 31 March 2019.

LEGAL STATUS AND ACTIVITIES

The Company is registered with Dubai Multi Commodities Centre under Registration No. DMCC2501. The Company was incorporated on 25 January 2011 and was granted a trade license on 9 March 2011. The Company's licensed activity is trading in steel products.

FINANCIAL RESULTS AND FUTURE OUTLOOK

The Company is currently engaged in marketing activities. During the year, the Company earned commission revenue of USD 502,864 (2017-18: USD 658,970) and incurred losses of USD 235,668 (2017-18: loss of USD 293,915).

The detailed results are set out in the statement of comprehensive income and related notes.

The shareholder has decided to close down the Company's operations, realize all assets and settle all liabilities. Accordingly, their financial statements have been prepared on a non-going concern basis.

MANAGEMENT RESPONSIBILITY

As the Manager of the Company, I am responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as I determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I am also responsible for keeping proper financial records in line with the laws and regulations of Dubai Multi Commodities Centre, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

As the Manager of the Company, I have approved these financial statements on 22 April 2019.

Signed on behalf of management:

Ashish Guwalani
Manager

Date: 22 April 2019

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF WELSPUN MIDDLE EAST DMCC

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Welspun Middle East DMCC ("the Company") which comprise the statement of financial position as at 31 March 2019, the related statements of comprehensive income, changes in equity and cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019 and its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRSs).

Emphasis of matter

Without qualifying our opinion, we would like to draw attention to note 1.1 of the 'Notes to the Financial Statements'. Taking into consideration the Shareholders decision to wind down the business operations, realise all assets and pay off liabilities, these financial statements have not been prepared on going concern basis.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the shareholders for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and any of the applicable provisions of the DMCC Company Regulation No. (1/03) and Company's Articles and Memorandum of Association and any regulations issued by the DMCC Authority and, for such internal control as management determines is necessary to enable the preparation of financial statements that are free form material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The management has already decided to liquidate the company and hence these financial statements are prepared on non-going concern basis.

The Shareholder is responsible for overseeing the Company's financial reporting process.

Contd...

RSM Dahman Auditors is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the Shareholder 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 compliance

We further confirm that we have obtained all information and explanations that we deemed necessary for our audit, that proper financial records have been kept by the Company and that the information contained in the Manager's report in so far as they relate to the financial statements are in agreement therewith. We are not aware that any violations of (a) the DMCC Company Regulation No. (1/03) and (b) the articles of association of the Company, have occurred during the year ended 31 March 2019, which may have had a material adverse effect on the business of the Company.

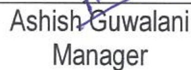
RSM Dahman

RSM Dahman
Dubai
22 April 2019

STATEMENT OF FINANCIAL POSITION
Year Ended 31 March 2019

	Note	31 March 2019 USD	31 March 2018 USD
ASSETS			
CURRENT ASSETS			
Amounts due from related parties	4(a)	78,999	125,809
Bank balances	5	-	215,624
		78,999	341,433
Total assets		78,999	341,433
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	54,496	54,496
Retained earnings		24,503	260,171
		78,999	314,667
CURRENT LIABILITIES			
Other payables		-	26,766
Total equity and liabilities		78,999	341,433

The independent auditors' report is set out on pages (2) and (3).



Ashish Guwalani
Manager

The attached notes 1 to 10 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 March 2019

	Note	*Year ended 31 March 2019 USD*	*Year ended 31 March 2018 USD*
INCOME STATEMENT			
INCOME			
Revenue	7	502,864	658,970
Other Income		-	15,313
Total income		502,864	674,283
EXPENSES			
General and administration expenses	8	738,532	942,642
Finance costs		-	25,556
Total expenses		738,532	968,198
(LOSS) FOR THE YEAR		(235,668)	(293,915)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Other comprehensive income		-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss:			
Net other comprehensive income to be reclassified subsequently to profit or loss		-	-
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR		(235,668)	(293,915)

The attached notes 1 to 10 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year Ended 31 March 2019

	Share capital USD (Note 6)	*Retained earnings USD*	*Total USD*
Balance at 1 April 2017	54,496	554,086	608,582
Comprehensive Income			
(Loss) for the year	-	(293,915)	(293,915)
Total comprehensive (loss)	-	(293,915)	(293,915)
Transactions with Owner:			
Total transactions with owner	-	-	-
As at 31 March 2018	54,496	260,171	314,667
Comprehensive Income			
(Loss) for the year	-	(235,668)	(235,668)
Total comprehensive (loss)	-	(235,668)	(235,668)
Transaction with Owner:			
Total transactions with owner	-	-	-
As at 31 March 2019	54,496	24,503	78,999

Figures in (brackets) indicate debits

The attached notes 1 to 10 form part of these financial statements.

STATEMENT OF CASH FLOWS
Year Ended 31 March 2019

	Year ended 31 March 2018 USD	*Year ended 31 March 2018 USD*
OPERATING ACTIVITIES		
(Loss) for the year	(235,668)	(293,915)
Adjustment for:		
Depreciation of fixed asset	-	3,806
Provision / for employees' end of service benefits	-	3,132
Loss on disposal of assets	-	21,783
Operating (Loss) before working capital changes:	(235,668)	(265,194)
Change in advances, deposits and prepayments	-	39,749
Change in amount due from related parties	46,810	2,458,577
Change in other payables	(26,766)	(548,494)
Change in amount due to related parties	-	(105,471)
Cash (used in) / from operating activities	(215,624)	1,579,167
Employees end of service benefits (paid)	-	(29,457)
Net cash (used in) / from operating activities	(215,624)	1,549,710
INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	-	1,649
Cash flow from investing activities	-	1,649
FINANCING ACTIVITIES		
Repayment of loan from related party	-	(2,000,000)
Net cash flow (used in) financing activity	-	(2,000,000)
CHANGE IN CASH AND CASH EQUIVALENTS	(215,624)	(448,641)
Cash and cash equivalents at the beginning of the year	215,624	664,265
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	-	215,624
REPRESENTED BY		
Bank balances	-	215,624

The attached notes 1 to 10 form part of these financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Welspun Middle East DMCC ("the Company") is registered with Dubai Multi Commodities Centre under Registration No. DMCC2501. The Company was incorporated on 25 January 2011 and it was granted a trading license on 9 March 2011. The Company's licensed activity is trading in steel products.

These financial statements are consolidated together with the financial statements of Welspun Tradings Ltd. ("the parent company").

1.1 GOING CONCERN ASSUMPTION

The Shareholders has decided during the year to close down the Company's operations, realize all assets and settle all liabilities.

Since the going concern assumption is no longer appropriate, these financial statements have been prepared by bringing down all the assets and liabilities to their net realizable value. Any impairment in values of assets as at the date of these financial statements, have been taken to the Statement of Comprehensive Income. The estimates made, may change when the assets are actually realized. No upward revaluation has been recognized unless the assets have been sold. This treatment is in accordance with IFRS 5 – Non Current Assets held for sale.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued and adopted by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB enforce at 31 March 2019 and the applicable requirements of the local laws and regulations.

Accounting convention

The financial statements are prepared under the historical cost convention except for the measurement at fair values of financial assets at fair value through profit or loss including those designated as such upon initial recognition and those classified as held for trading, investment properties.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in United States Dollar (USD), which is the Company's functional currency.

2.2 Changes in accounting policies and disclosures

New and amended standards, and interpretations effective for the first time and applied:

The following new accounting standards became applicable for the financial year beginning on or after 1 January 2018 and the Company had to change its accounting policies and make appropriate adjustments as a result of adopting these standards:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

Below are the other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company.

New interpretations:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued in December 2016)

Amendments to existing standards:

- Amendments to IFRS 1 and IAS 28 (Annual Improvements to IFRS Standards 2014–2016 Cycle, issued in December 2016)
- Amendments to IAS 40 titled Transfers of Investment Property (issued in December 2016)
- Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016)
- Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016)

The nature and effect of the changes as a result of adoption of the new accounting standards are described below. Due to the transition methods chosen by the Company in applying new accounting standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

a) IFRS 9 Financial Instruments:

Impact of adoption:

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied IFRS 9 retrospectively, with the initial application date of 1 April 2018 and adjusting the comparative information for the period ended 31 March 2018. The Company has concluded that the impact of adopting IFRS 9 is not material on the Company's financial information.

There are changes in classification due to the adoption of IFRS 9. The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 April 2018. The carrying amount has not changed.

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39 and New carrying amount under IFRS 9*
			AED
Financial assets:			
Amount due from related parties	Loans and receivables	Amortised cost	125,809
Bank balances	Loans and receivables	Amortised cost	215,624
			341,433

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policies and disclosures *(continued)*

New and amended standards, and interpretations effective for the first time and applied: (continued)

a) IFRS 9 Financial Instruments: *(continued)*

Impact of adoption: (continued)

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39 and New carrying amount under IFRS 9*
			AED
Financial liabilities:			
Other payables	Other financial liabilities	Other financial liabilities	26,766
			26,766

New accounting policies:

All loans and receivables were measured at amortised cost before 1 April 2018.

The application of the new standard required the Company to apply the new accounting policies. Accordingly, the Company has applied the new accounting policies the detail of which are disclosed in note 2.3 of these financial statements.

b) IFRS 15 Revenue from Contracts with Customers:

Impact of adoption:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at 1 April 2018. Accordingly, the information presented for 31 March 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The Company has conducted an impact assessment exercise of IFRS 15 to assess the impact of applying the new accounting standard and concluded that the impact is not material on the Company's financial information.

New accounting policies:

The application of the new standard required the Company to apply the new accounting policies. Accordingly, the Company has applied the new accounting policies the detail of which are disclosed in note 3 to these financial statements.

New and amended standards, and interpretations issued but not yet effective and not early adopted:

The Company has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning on 1 April 2018.

The management anticipates that the new standards and amendments will be adopted in the Company statements when they become effective. The Company has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policies and disclosures *(continued)*

New and amended standards, and interpretations issued but not yet effective and not early adopted: (continued)

New standards:

- IFRS 16 Leases (effective from 1 January 2019)

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments).The lessee will generally recognise the amount of the premeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Company will continue to assess the potential effect of IFRS 16 on its financial statements.

- IFRS 17 Insurance Contracts (effective from 1 January 2021)

New interpretations:

- IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)

Amendments to existing standards:

- Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (effective from 1 January 2019)
- Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (available for optional adoption / effective date deferred indefinitely)
- Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (effective from 1 January 2019)
- Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019)
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards (effective from 1 January 2019)
- Amendments to References to Conceptual Framework in IFRS Standards (effective from 1 January 2020)

Topics covered by these standards/interpretations are either not relevant for the preparations of this set of IFRS financial statements or the Company does not foresee that the application of these standards/interpretations will result in a significant impact on figures and disclosures on the reporting period they will be adopted except in certain cases where it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Significant accounting policies and disclosures

Financial Instruments

Classification of Financial Assets

Initial recognition

On initial recognition, a financial asset is classified as measured at (i) amortised cost, (ii) Fair Value through Other Comprehensive Income (FVOCI) or (iii) Fair Value through Profit or Loss (FVTPL).

a) Financial assets measured at amortised cost:

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is to hold the financial assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are soley payments of principal and interest on the principal amount outstanding.

For the period ended on 31 March 2019, the Company's financial assets at amortised cost includes amounts due from related parties and bank balances.

b) Financial assets measured at FVOCI:

- *Debt Instruments:* Debt Instruments may be classified as at FVOCI, where the contractual cash flows are solely for payments of principal and interest on the outstanding principal, and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling the underlying financial assets.
- *Equity Instruments:* In case of equity instruments which are not held for trading or designated at FVTPL, the Company may irrevocably elect to recognise subsequent changes in other comprehensive income. This election is made on an investment-by-investment basis.

For the period ended on 31 March 2019, the Company did not hold any financial assets which are to be classified as measured at FVOCI.

c) Financial assets measured at FVTPL:

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

For the period ended on 31 March 2019, the Company did not hold any financial assets which are to be classified as measured at FVTPL.

Business model assessment

The Company makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the frequency, volume and timing of trades of financial assets in prior periods, the reasons for such trades and its expectations about the future trading activity. However, Information about trading activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized;
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Significant accounting policies and disclosures *(continued)*

Financial Instruments *(continued)*

Classification of Financial Assets *(continued)*

Business model assessment (continued)

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Company considers the contractual terms of the instruments. This includes assessing whether the financial assets contains a contractual terms that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassification of financial assets:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing such financial assets.

Derecognition of financial assets:

From 1 April 2018, any cumulative gain/loss recognised in the statement of other comprehensive income in respect of an equity instruments designated as FVOCI is reclassified to retained earnings upon derecognition.

Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model followed under IAS 39 with the forward-looking 'expected credit losses' ('ECL') model. Assessing how changes in economic factors affect ECL requires considerable judgement. ECL are determined on a probability-weighted basis.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is require for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default where contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Significant accounting policies and disclosures *(continued)*

Financial Instruments *(continued)*

Accounts and other receivables

Accounts and other receivables are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, less any impairment losses. An impairment allowance is calculated using the ECL approach as defined in IFRS 9. The additional information on the calculation of ECL is described above under the heading of financial instruments. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Bad debts are written off when there is no possibility of recovery.

Classification of Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition (i) at amortised cost or (ii) at FVTPL, or (iii) as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs, wherever applicable.

Measurement of financial liabilities:

The measurement of financial liabilities depends on their classification, as described below:

a) *Financial liabilities at FVTPL:*

Financial liabilities at FVTPL including financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL, shall be measured at fair value.

For the period ended on 31 March 2019, the Company has not designated any financial liability as at FVTPL.

b) *Other financial liabilities:*

After initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisitions and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

For the period ended on 31 March 2019, the Company has not designated any financial liability under this category.

Derecognition of financial liabilities:

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

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash.

Provisions

Provisions are recognized when the Company has a legal or constructive obligation arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Significant accounting policies and disclosures *(continued)*

Financial Instruments *(continued)*

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current / non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
  There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Revenue from contracts with customers

The Company recognizes revenue from contracts with customers based on a five-step model as set out in 'IFRS 15 – Revenue from Contracts with Customers' as follows:

Step 1. Identify the contract(s) with a customer: A contracts is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligations is a promise in a contract with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes all of the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Significant accounting policies and disclosures *(continued)*

Revenue from contracts with customers *(continued)*

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

The Company's revenue is derived from rendering services through providing business development assistance and proposal preparations for the projects of its related parties and are recognized at point In tlme.

Foreign currencies

The Company invoices its customers mainly in USD. Accordingly, the USD is considered the Company's functional and reporting currency. Transactions denominated in foreign currencies are translated into USD and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the exchange rates ruling at the reporting date. Realized and unrealized foreign exchange gains and losses arising on translation are recognized in the profit or loss.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing its financial statements in conformity with International Financial Reporting Standards, the Company has to make significant judgment, estimates and assumptions that impact the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors such estimates and assumptions to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures from differing from estimates.

Key judgment, estimates and assumptions are subject to management approval. At the statement of financial position date, management has mainly made the following key judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements:

- *Provision for expected credit losses of trade receivables and contract assets:*

  The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

  The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4 RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, carries out transactions with other entities, which fall within the definition of related parties contained in International Accounting Standard No. (24). The rates and terms of the transactions are decided by the management.

4 RELATED PARTY TRANSACTIONS *(continued)*

Transactions with related parties included in the financial statements are as follows:

	Year ended 31 March 2019 USD	*Year ended 31 March 2018 USD*
Transactions with parent company		
Commission income	502,864	658,970
Interest paid on loan	-	25,556
Expenses paid by related parties	3,577	-
Remuneration of Key Management personnel		
Salary and other benefits to Director and Manager	-	46,200

4(a) AMOUNTS DUE FROM RELATED PARTIES

	31 March 2019 USD	*31 March 2018 USD*
Amount due from Parent Company:		
Welspun Tradings Ltd	78,999	103,416
Amount due from other group company:		
Welspun Corp Ltd	-	22,393
Total amounts due from related parties	78,999	125,809

5 BANK BALANCES

	31 March 2019 USD	*31 March 2018 USD*
Current accounts	-	215,624
Total bank balances	-	215,624

6 SHARE CAPITAL

The capital of the Company is AED 200,000, divided into 200 shares of AED 1,000 each, and held as under:

	%	*31 March 2019 USD*	*31 March 2018 USD*
Welspun Tradings Limited, India	100	54,496	54,496
		54,496	54,496

Capital management risk

The Company objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of the shareholder and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital

7 REVENUE

	Year ended 31 March 2019 USD	*Year ended 31 March 2018 USD*
Commission income	502,864	658,970
	502,864	658,970

Commission is charged at the rate of 1.75% (2017-18: rate of 0.5%) of the total invoice value to the Parent Company for providing marketing related services.

8 GENERAL AND ADMINISTRATION EXPENSES

	Year ended 31 March 2019 USD	*Year ended 31 March 2018 USD*
Salaries and other staff cost	-	180,287
Employees' end of service benefits provided	-	3,132
Depreciation on fixed asset	-	3,806
Telephone, electricity, and water expenses	-	25,023
Medical insurance	-	6,909
Professional & consultancy fee	732,392	599,138
Marketing expenses	-	2,288
Rent	-	42,159
Travelling expenses	-	15,466
Other expenses	3,754	21,429
Bank charges	2,386	3,393
Office expenses	-	17,829
Loss on sale of fixed assets	-	21,783
	738,532	942,642

9 FINANCIAL INSTRUMENTS

The financial assets of the Company comprise bank balances and amount due from related parties. Financial liabilities of the Company include other financial liabilities. The accounting policies for financial assets and liabilities are set out in note (2.3).

The following table summarizes the carrying amount of financial assets and liabilities recorded at 31 March 2019 by IFRS 9 category:

	31 March 2019 USD	*31 March 2018 USD*
FINANCIAL ASSETS		
At amortised cost		
- Bank balances	-	215,624
- Amount due from related parties	78,999	125,809
At fair value through OCI		
- with recycling of cumulative gains and losses	-	-
- with no recycling of cumulative gains and losses upon derecognition	-	-
At fair value through profit or loss		
- those designated as such upon initial recognition	-	-
- those classified as held for trading	-	-
Balance at 31 March	78,999	341,433
FINANCIAL LIABILITIES		
At fair value through profit or loss	-	-
Measured at amortized cost:		
- Borrowings	-	-
- Derivative financial instruments	-	-
- Other financial liabilities	-	26,766
Balance at 31 March	-	26,766

Fair value

The fair values of the Company's financial instruments are not materially different from their carrying value at the date of statement of financial position.

10 INFORMATION ON FINANCIAL RISKS

The main risks to which the Company is exposed are as under:

Credit risk

The Company's bank accounts are placed with reputable international banks. There is no credit risk in respect of trade receivables as all the receivables are from related party and amounts due from related parties are considered recoverable by the management.

Liquidity risk

The Company limits its liquidity risk by ensuring support funds from the Parent Company are available to it to meet financial liabilities. The amounts due to related party do not have a repayment schedule and are repayable as per convenience. The Company does expect to pay all external liabilities at their contractual maturity and expects to generate cash flows to be able to do so.

Interest rate risk

Interest rate risk mainly concerns financial liabilities. The financial liabilities are mainly fixed rates. All financial assets are non-interest bearing. The following table analyses financial liabilities by interest rate:

FINANCIAL LIABILITIES BY INTEREST RATE	*31 March 2019* *USD*	*31 March 2018* *USD*
Non-interest bearing	-	26,766
Fixed rate	-	-
Balance at 31 March	-	26,766

Currency risk

The management closely monitors the exchange rate fluctuations to minimize foreign currency risk. All financial assets and liabilities are designated in USD or AED which is pegged in to the USD. Accordingly, currency risk on this front is minimal.