Moores Rowland

PETROLEUM SPECIALITIES PTE. LTD.

(Registration number: 200403112K)

Incorporated in Singapore

AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

PETROLEUM SPECIALITIES PTE. LTD.
Registration No. 200403112K

Incorporated in Singapore

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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PETROLEUM SPECIALITIES PTE. LTD.

DIRECTORS' STATEMENT
For the Financial Year Ended 31 March 2019

The directors present their statement together with the audited financial statements of Petroleum Specialities Pte. Ltd. (the "Company") for the financial year ended 31 March 2019.

In the opinion of the directors, the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019, and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Kushal Narendra Desai
Gajjala Sai Sudhakar
Yeow Hong Soon (Resigned on 30 September 2018)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year and the interests in the share capital of the Company according to the register of directors' shareholdings required to be kept by the Company under Section 164 of the Companies Act, Cap. 50, and interest in shares and share options of the Company's related corporations are as follows:

	Number of ordinary shares			
	Direct interest		Deemed interest	
Name of director	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Apar Industries Ltd.				
Kushal Narendra Desai	**9,187,974**	9,310,503	**1,711,420**	47,737
Apar Corporation Private Limited				
Kushal Narendra Desai	**1,381,901**	1,381,901	**-**	-

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Number of ordinary shares			
	Direct interest		Deemed interest	
Name of director	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Apar Technologies Pte. Ltd.				
Gajjala Sai Sudhakar	**500,000**	500,000	-	-
Scope Private Limited				
Kushal Narendra Desai	**3,375**	3,375	-	-
Catalis World Private Limited				
Kushal Narendra Desai	**5,000**	5,000	-	-

SHARE OPTIONS

During the financial year, no options to take up unissued shares of the Company were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

PETROLEUM SPECIALITIES PTE. LTD.

DIRECTORS' STATEMENT
For the Financial Year Ended 31 March 2019

INDEPENDENT AUDITORS

The independent auditors, MRI Moores Rowland LLP, has expressed its willingness to accept appointment as auditors of the Company.

Signed by Board of Directors,

Kushal Narendra Desai
Director

Gajjala Sai Sudhakar
Director

Singapore,

Date : 29 MAY 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PETROLEUM SPECIALITIES PTE. LTD.

For the Financial Year Ended 31 March 2019

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Petroleum Specialities Pte. Ltd (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended 31 March 2019.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Director's Statement as set out on pages 1 to 3, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MRI Moores Rowland LLP (T14LL1146H)

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Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Moores Rowland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PETROLEUM SPECIALITIES PTE. LTD.

For the Financial Year Ended 31 March 2019

Auditor's Responsibilities for the Audit of the Financial Statements. (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

The financial statements of Petroleum Specialities Pte. Ltd for financial year ended 31 March 2018 were audited by another firm of auditors whose report dated 03 August 2018 expressed an unqualified opinion.

Report on Other Legal and Regulatory Requirements

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

MooresRowland

MRI Moores Rowland LLP
Public Accountants and
Chartered Accountants

Singapore

Date: 29 MAY 2019

PETROLEUM SPECIALITIES PTE. LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2019

	Note	2019 US$	2018 US$
Revenue	4	-	6,858,411
Other income	5	203,067	225,556
Foreign exchange gain		-	38,907
		203,067	7,122,874
Other items of expense			
Purchases of inventories		-	(5,322,199)
Changes in inventories		-	(739,943)
Employee compensation		(61,731)	(116,035)
Foreign exchange loss		(26,695)	-
Professional fees		(24,100)	(35,844)
Rental		(17,671)	(17,718)
Bank charge		(5,821)	(30,610)
Depreciation		(4,200)	(4,174)
Insurance charge		-	267
Testing / survey fees		-	(10,661)
Sales commission		-	(17,363)
Tank storage		-	(209,665)
Other operating expenses		(2,984)	(131,364)
Profit before income tax	6	59,865	487,565
Income tax credit/(expense)	7	3,134	(54,365)
Profit after tax for the financial year		62,999	433,200
Other comprehensive income		-	-
Total comprehensive income for the financial year		62,999	433,200

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

PETROLEUM SPECIALITIES PTE. LTD.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Note	2019 US$	2018 US$
ASSETS			
Non-current assets			
Plant and equipment	8	4,663	8,863
Investment in subsidiary	9	12,329,700	9,536,784
		12,334,363	9,545,647
Current assets			
Trade and other receivables	10	161,993	1,569,142
Loan to a third party	11	1,136,891	1,100,000
Cash and cash equivalents	12	1,777,294	3,493,859
Total current assets		3,076,178	6,163,001
Total assets		15,410,541	15,708,648
EQUITY AND LIABILITIES			
Equity			
Share capital	13	59,101	59,101
Accumulated profits		15,312,370	15,249,371
		15,371,471	15,308,472
Current liabilities			
Trade and other payables	14	2,240	314,129
Provisions	15	26,552	36,389
Income tax payable		10,278	49,658
Total current liabilities		39,070	400,176
Total equity and liabilities		15,410,541	15,708,648

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

PETROLEUM SPECIALITIES PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31 March 2019

	Share capital US$	Accumulated profits US$	Total equity US$
2019			
At 1 April 2018	59,101	15,249,371	15,308,472
Total comprehensive income for the year		62,999	62,999
At 31 March 2019	59,101	15,312,370	15,371,471
2018			
At 1 April 2017	59,101	14,816,171	14,875,272
Total comprehensive income for the year	-	433,200	433,200
At 31 March 2018	59,101	15,249,371	15,308,472

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

PETROLEUM SPECIALITIES PTE. LTD.

STATEMENT OF CASH FLOW
For the Financial Year Ended 31 March 2019

	2019	2018
	US$	US$
Operating activities		
Profit before income tax	59,865	487,565
Adjustments:		
Interest income	(105,432)	(45,514)
Provision	(9,837)	(208,678)
Depreciation	4,200	4,174
Operating cash flows before changes in working capital	(51,204)	237,547
Changes in working capital		
Decrease in trade and other receivables	1,407,149	7,819,738
Decrease in inventories	-	739,943
Decrease in trade and other payables	(311,889)	(1,293,371)
Decrease in loan to a third party	(36,891)	(1,100,000)
Cash generated from operations	1,007,165	6,403,857
Interest income received	105,432	45,514
Income tax paid	(36,246)	(54,687)
Net cash flows generated from operating activities	1,076,351	6,394,684
Investing activity		
Investment in subsidiary	(2,792,916)	(6,130,789)
Additions to property, plant and equipment	-	(258)
Net cash flows used in investing activity	(2,792,916)	(6,131,047)
Net (decrease)/increase in cash and cash equivalents	(1,716,565)	263,637
Cash and cash equivalents at beginning of the financial year	3,493,859	3,230,222
Cash and cash equivalents at end of the financial year	1,777,294	3,493,859

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

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

1. GENERAL INFORMATION

Petroleum Specialities Pte. Ltd. is a Company incorporated and domiciled in Singapore with its registered office at 4 Shenton Way, #08-03 SGX Centre 2, Singapore 068807.

The principal of activities of the Company consist of trading in petroleum based products and all kind of commodities and securities and general wholesale trade (including general importers and exporters).

The holding company is Apar Industries Limited, incorporated and domiciled in India and is listed at the National Stock Exchange of India.

The financial statements of the Company for the financial year ended 31 March 2019 were authorised for issue by the Board of Directors on the date of the directors' statement.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in United States dollars ("US$" or "USD"), which is the functional currency.

The Company meets the criteria of *FRS 110 Consolidated Financial Statements*, to elect for exemption from presenting consolidated financial statements. The ultimate holding company, Apar Industries Limited, a company incorporated in India, prepares and presents consolidated financial statements and is available to public at its registered office at Apar House, Corporate Park, Sion Trombay Road, Chembur, Mumbai India.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2018. Except for the adoption of FRS 109 Financial Instruments and FRS 115 Revenue from Contracts with Customers described below, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

The Company applied FRS 109 retrospectively, with an initial application date of 1 April 2018. The Company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations (Continued)

(a) Classification and measurement

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Company. The following are the changes in the classification and measurement of the Company's financial assets:

Trade and other receivables and loan to a third party classified as loans and receivables as at 31 March 2019 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 April 2018.

The Company has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Company's financial liabilities.

In summary, upon the adoption of FRS 109, the Company had the following required or elected reclassifications as at 1 April 2018:

	FRS 39 measurement category	**FRS 109 measurement category**
	Loans and receivables	**Amortised cost**
	US$	US$
Financial assets		
Trade and other receivables	1,567,958	1,567,958
Loan to a third party	1,100,000	1,100,000
Cash and cash equivalents	3,493,859	3,493,859
Total financial assets	6,161,817	6,161,817

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations (Continued)

(b) Impairment

The adoption of FRS 109 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. FRS 109 requires the Company to recognise an allowance for ECLs for all debt instruments not held at FVPL.

Upon adoption of FRS 109, the Company did not recognised additional impairment on the Company's trade receivables because the allowance for impairment under FRS 39 does not differ from the computed ECL under FRS 109.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The applications of FRS 115 did not have significant impact to the Company.

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	**Effective for annual periods commencing on or after**
FRS 116: *Leases*	1 January 2019
INT FRS 123 *Uncertainty over Income tax Treatments*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28 *Long-term Interest in Associates and Joint Ventures*	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or *Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

The directors expect that the adoption of the standards which are relevant to the Company will have no material impact on the financial statements in the year of initial application.

2.4 Foreign currency

(i) Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is United States dollars (US$).

(ii) Transactions and balances

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computer equipment	5 years
Plant and machinery	10 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Financial instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (Continued)

(a) Financial assets (Continued)

Derecognition

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

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

These accounting policies were applied before the initial application date of FRS 109, 1 April 2018:

(a) Financial assets

Initial recognition and measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (Continued)

(a) Financial assets (Continued)

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

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are classified as non-current assets.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial instruments (Continued)

(b) Financial liabilities (Continued)

Derecognition

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

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

(a) currently has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.7 Impairment of financial assets

These accounting policies are applied on and after the initial application date of FRS 109, 1 April 2018:

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. 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 rate. 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 recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of financial assets (Continued)

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 which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 60 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.

These accounting policies were applied before the initial application date of FRS 109, 1 April 2018:

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

Financial assets carried at amortised cost

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of financial assets (Continued)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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

2.8 Cash and cash equivalents

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

2.10 Provisions

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

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

2.11 Employees' benefits

(i) Defined contribution plans

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension schemes. Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Employees' benefits (Continued)

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.12 Revenue recognition

These accounting policies are applied on and after the initial application date of FRS 115, 1 April 2018:

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of goods

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated volume rebates and adjusted for expected returns. Based on the Company's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

These accounting policies were applied before the initial application date of FRS 115, 1 April 2018:

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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Revenue recognition (Continued)

Sale of goods

Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2.13 Income tax

(i) Current income tax

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

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

(ii) Deferred tax

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

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

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

(iii) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Investment in subsidiary

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

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses.

2.15 Share capital

Proceeds from issuance of ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital, net of any tax effects.

2.17 Related parties

A related party is defined as follows:

(a) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

(b) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or a parent of the Company.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical 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. The information about the ECLs on the Company's trade receivables is disclosed in Note 10.

The carrying amount of the Company's trade receivables as at 31 March 2019 is NIL (1 April 2018: US$1,547,629).

(ii) Income tax payable

Significant judgement is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The income tax payable as at 31 March 2019 is US$10,278 (2018: US$49,658).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.1 Key sources of estimation uncertainty (Continued)

(ii) Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 March 2019, the Company's non-financial assets are disclosed in Notes 8 and 9.

4. REVENUE

Revenue comprises net invoiced value of goods sold for the financial year.

	2019	2018
	US$	US$
Sales of goods	-	6,858,411

	2019	2018
	US$	US$
Timing of revenue recognition:		
At a point in time	-	6,858,411

5. OTHER INCOME

	2019	2018
	US$	US$
Interest income	105,432	45,514
Profit share from licensee	97,635	172,662
Miscellaneous income	-	7,380
	203,067	225,556

6. PROFIT BEFORE INCOME TAX

Profit before tax is arrived at after (charging)/crediting:

	2019	2018
	US$	US$
Foreign exchange (loss)/gain	(26,695)	38,907
Operating lease expense	(17,671)	(17,718)
Director's renumeration	(61,731)	(116,035)

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Key management personnel comprises the directors of the Company. The remuneration disclosed above includes only the director for financial years 2019 and 2018.

7. INCOME TAX

	2019	2018
	US$	US$
Current income tax:		
Current year	3,706	49,658
(Over)/Under provision in respect of prior years	(6,840)	4,707
	(3,134)	54,365

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate are as follows:-

	2019	2018
	US$	US$
Profit before income tax	59,865	487,565
Tax calculated at tax rate of 17%	10,177	82,886
Tax effects of:		
Non - taxable income	(9,345)	(6,614)
Non-deductible expenses	5,252	710
Tax exemption and rebate	(3,355)	(27,324)
(Over)/Under provision of tax in prior years	(6,840)	4,707
Others	977	-
Income tax (credit)/expense	(3,134)	54,365

The Singapore Government has announced that for Years of Assessment ("YA") 2019, all companies will receive a 20% Corporate Income Tax ("CIT") Rebate that is subjected to a cap of S$10,000.

8. PROPERTY, PLANT AND EQUIPMENT

	Computers	Plant and equipment	Total
	US$	US$	US$
Cost			
At 31 March 2018 and 31 March 2019	11,240	98,608	109,848
Accumulated depreciation			
As at 1 April 2017	10,982	85,829	96,811
Depreciation charge	26	4,148	4,174
As at 31 March 2018	11,008	89,977	100,985
Depreciation charge	52	4,148	4,200
At 31 March 2019	11,060	94,125	105,185
Carrying amount			
As at 31 March 2019	180	4,483	4,663
As at 31 March 2018	232	8,631	8,863

9. INVESTMENTS IN SUBSIDIARY

	2019	2018
	US$	US$
Equity investments at cost		
At the beginning of the financial year	9,536,784	9,536,784
Additions	2,792,916	-
At the end of the financial year	12,329,700	9,536,784

Details of subsidiary is as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held 2019 %	Percentage of equity held 2018 %
Petroleum Specialities FZE*	Manufacturing and marketing of petroleum based speciality products, all kinds of oil, lubricant and chemicals	United Arab Emirates	100	100

*Audited by AL Maqtari Auditing, United Arab Emirates

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	US$	US$
Trade receivables – non-related parties	-	1,547,629
Other receivables – non-related parties	11,076	7,953
Advances to a subsidiary	15,070	-
Amount owing by a related party	123,471	-
Deposits	12,376	12,376
Prepayments	-	1,184
	161,993	1,569,142

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms (2018: 30 to 120 days).

Other receivables due from non-related parties are unsecured, interest free and repayable on demand.

Amount owing by a related party is unsecured, interest free and repayable on demand.

The ageing analysis of trade receivables which are not impaired is as follows

	2019	2018
	US$	US$
0 to 30 days		
61 to 90 days	-	58,401
91 to 120 days	-	511,836
	-	977,392
Total trade receivables	-	1,547,629

There is no allowance for impairment is provided as the ECL is insignificant and management has determined that there are no possible default events giving rise to ECL as the customers have good track records and balances are subsequently paid after the reporting date.

There is no other class of financial assets that is past due and/or impaired.

11. LOAN TO A THIRD PARTY

	2019	2018
	US$	US$
Loan to a third party	1,136,891	1,100,000

Loan to a third party bears interest calculated at 6 month LIBOR + 100 points basis per annum with quarterly rests (accompanying 2.9% per annum). The loan is repayable on demand or on specified date mutually agreed by the Company and the third party.

12. CASH AND CASH EQUIVALENTS

	2019 US$	2018 US$
Cash at banks	777,294	1,485,837
Fixed deposit	1,000,000	2,007,966
Cash at hand	-	56
	1,777,294	3,493,859

The Company's cash and cash equivalents denominated in foreign currency is as follows:

	2019 US$	2018 US$
Singapore dollars	136,240	813,527

Fixed deposit is made for varying periods of between day one and three months, depending on the cash requirement of the Company and earn interest at the respective short term deposit rates. The weighted average effective interest rate as at 31 March 2019 is 2.25% per annum (2018: 2.25% per annum).

13. SHARE CAPITAL

	2019	2018	2019	2018
	Number of shares		US$	US$
Ordinary shares issued and fully paid				
At the beginning and end of the financial year	100,000	100,000	59,101	59,101

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

14. TRADE AND OTHER PAYABLES

	2019 US$	2018 US$
Trade payables – non-related parties	-	53,235
Other payables – holding company	-	175,070
Other payables – related parties	-	29,297
Other payables – non-related parties	2,240	-
Accrued charges	-	56,527
	2,240	314,129

Trade payables due to holding corporation and non-related parties are unsecured, non-interest bearing and are generally on 30 to 90 days terms (2018: 30 to 90 days).

14. TRADE AND OTHER PAYABLES (CONTINUED)

Other payables are unsecured, interest free and repayable on demand. The carrying amounts of the trade and non-trade payables approximate their fair value.

The Company's trade and other payables denominated in foreign currency is as follows:

	2019 US$	2018 US$
Singapore dollars	-	56,527

15. PROVISIONS

	2019 US$	2018 US$
Provision for expenses	26,552	-
Provision for sales commission and profit sharing	-	36,389
	26,552	36,389

16. RELATED PARTY TRANSACTIONS

Some of the arrangements with related parties (as defined in Note 2 above) and the effects of these bases determined between the parties are reflected elsewhere in this report. Details of transactions between the Company and related company is disclosed below.

	2019 US$	2018 US$
Rental expense charged by related parties	17,671	17,718
Addition of investment of share of the subsidiary company	2,792,916	6,130,789
Payment of director's salary on behalf of related parties	222,671	148,010
Interest income	(36,661)	(18,150)

17. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

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

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

17. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

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

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

(i) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables and loan to a third party. For other financial assets (including cash), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

17. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED))

(i) Credit risk (Continued)

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

Trade receivables

Trade and other receivables that are neither past due nor impaired are with creditworthy customer with good payment record with the Company. For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL and determined that the ECL are insignificant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

At the end of the reporting year, the Company has concentration of credit risk at 100% (2018: 100%) of its loan to a third party. The Company has credit policy and procedures in place to minimize and mitigate its credit risk exposure.

Other receivables and loan to a third party

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL for other receivables and lifetime ECL for loan to a third party, and determined that the ECL are insignificant.

17. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's operations are financed mainly through equity and financing from holding company. The directors are satisfied that funds are available to finance the operations of the Company.

At the end of the reporting period, all financial liabilities have maturity period within one year. The contractual undiscounted cash flows of non-derivative financial liabilities equal the carrying amounts as the impact of discounting is not applicable.

	2019	2018
	US$	US$
Letters of credit facility	10,000,000	10,000,000

The letters of credit are issued in the ordinary course of business from which it is anticipated that no material liability will arise.

The Company executed Corporate Guarantee in favour of Arab Banking Corporation (B.S.C), Manama, Kingdom of Bahrain (bank) as a security for the term loan facilities sanctioned by bank to subsidiary, Petroleum Specialities FZE. The said guarantee is given for the term loan of the subsidiary amounting to US$9,000,000.

The Company also executed Corporate Guarantee of US$11,000,000 in favour of Union Bank of India, DIFC Bank, Dubai (bank), as a security for the working capital facilities sanctioned by bank to subsidiary, Petroleum Specialities FZE.

(iii) Foreign currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the United States dollars are as follows:

	2019	2018
	US$	US$
Singapore dollars		
Cash and cash equivalents	136,240	813,527
Trade and other payables	-	(56,527)
	136,240	757,000

17. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

(iii) Foreign currency risk

If the United States dollar strengthens by 1% against the above currencies, the results are as follows:

	(Decrease)/ Increase in profit before tax	
	2019	2018
	US$	US$
Singapore dollars	1,362	7,570

The opposite applies if United States dollar weaken by 1% against these currencies on the basis that all other variables remain constant. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

18. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2019	2018
	US$	US$
Financial assets measured at amortised cost		
Trade and other receivables	161,993	1,567,958
Loan to a third party	1,136,891	1,100,000
Cash and cash equivalents	1,777,294	3,493,859
Total financial assets measured at amortised cost	3,076,178	6,161,817
Financial liabilities measured at amortised cost		
Trade and other payables	2,240	314,129
Total financial liabilities measured at amortised cost	2,240	314,129

19. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2019 and 31 March 2018.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

There are no financial assets or liabilities that are required to be disclosed under the fair value hierarchy levels 1, 2 and 3 in the financial statements.

<u>Assets and liabilities not measured at fair value</u>

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including balances due from/to related companies and related parties) approximate their fair values as they are subject to normal trade credit terms.

Loan to a third party

The carrying amounts of these balances approximate their fair values as they are subject to interest rates close to market rate of interest for similar arrangements with financial institutions.

21. COMPARATIVE FIGURES

Certain comparative figures in the statement of financial position have been reclassified to conform with the current year's presentation.

Appendix

PETROLEUM SPECIALITIES PTE. LTD
DETAILED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	2019	2018
	US$	US$
Revenue		
Sales of goods	-	6,858,411
Other income		
Interest income	105,432	45,514
Profit share from licensee	97,635	172,662
Miscellaneous income	-	7,380
	203,067	7,083,967
Foreign exchange (loss)/gain	(26,695)	38,907
Other items of expense		
Purchases of inventories	-	(5,322,199)
Depreciation	(4,200)	(4,174)
Employee compensation	(61,731)	(116,035)
Rental	(17,671)	(17,718)
Professional fees	(24,100)	(35,844)
Insurance charge	-	267
Testing / survey fees	-	(10,661)
Sales commission	-	(17,363)
Tank storage	-	(209,665)
Bank charge	(5,821)	(30,610)
Changes in inventories	-	(739,943)
Other operating expenses (Appendix 1)	(2,984)	(131,364)
Profit before income tax	59,865	487,565

This page does not form part of the statutory financial statements

PETROLEUM SPECIALITIES PTE. LTD
OTHER ITEMS OF EXPENSE

	2019	2018
	US$	US$
Other operating expenses		
Clearing & custom charges	-	(4,519)
Ergon Alliance - profit / loss	-	(101,578)
Inspection charges	-	(7,372)
Insurance charge	-	(5,168)
Vehicle unloading charges	-	(4,876)
Conveyance expense	(56)	(334)
Courier charges	(117)	(2,779)
Director	-	(2,229)
Miscellaneous expenses	(150)	(353)
Postage expense	-	(9)
Printing & stationary expenses	-	(37)
Telephone expenses	(351)	(509)
Travelling expenses	(2,310)	(1,601)
	(2,984)	(131,364)

This page does not form part of the statutory financial statements

PETROLEUM SPECIALITIES FZE
HAMRIYAH, SHARJAH – UNITED ARAB EMIRATES
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

PETROLEUM SPECIALITIES FZE
HAMRIYAH, SHARJAH – UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

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OFFICE :
P. O. BOX : 42180,
HAMRIYAH FREE ZONE,
SHARJAH,
UNITED ARAB EMIRATES.

PETROLEUM SPECIALITIES FZE

Directors' Report

The Directors submit their report together with the audited financial statements of PETROLEUM SPECIALITIES FZE ("the Establishment") for the year ended 31 March 2019.

Principal activities

The principal activities of the Establishment are unchanged since the previous year and consist of manufacturing and marketing of petroleum based speciality products, all kinds of oils, lubricants and chemicals.

Financial results

Revenue of the Establishment for the year ended 31 March 2019 is USD 55,377,944 (31 March 2018 : USD 39,455,152). Net worth of the Establishment at 31 March 2019 is USD 8,483,223 (31 March 2018 : USD 7,991,911).

Directors

The Board of Directors comprised of:

Mr. Rishabh Kushal Desai
Mr. Kushal Narendra Desai
Mr. Sanjay Moreshwar Abhyankar
Mr. Sai Sudhakar Gajjala

Auditors

The financial statements for the year ended 31 March 2019 have been audited by M/s. Al Maqtari Auditing, Dubai, United Arab Emirates, who is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

These financial statements were approved by the Board and signed on 22 April 2019.

Mr. Rishabh Kushal Desai
Director

Mr. Kushal Narendra Desai
Director

P.O.Box: 42180
Hamriyah Free Zone
Sharjah - U.A.E.
PETROLEUM SPECIALITIES FZE

Mr. Sanjay Moreshwar Abhyankar
Director

Mr. Sai Sudhakar Gajjala
Director

INDEPENDENT AUDITORS' REPORT

To

The Directors,
M/S. PETROLEUM SPECIALITIES FZE,
Hamriyah Free Zone, Sharjah – United Arab Emirates

Report on the Audit of Financial Statements

Opinion
We have audited the financial statements of **M/S. PETROLEUM SPECIALITIES FZE, Hamriyah Free Zone, Sharjah, United Arab Emirates** (the "Establishment"), which comprise the statement of financial position as at 31 March 2019 and statement of 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 and other explanatory information.

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

Basis of Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and their preparation in compliance with the applicable provisions issued by Hamriyah Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Establishment's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Establishment or to cease operations, or have no realistic alternative but to do so.

The management is responsible for overseeing the Establishment's financial reporting process.

المقطري لتدقيق الحسابات عضو مستقل في مجموعة إيه جي إن الدولية التي تتكون من عدة مؤسسات محاسبة و استشارات في كافة أنحاء العالم
Al Maqtari Auditing is an independent member firm of AGN International, a worldwide association of separate and independent accounting and consulting firms

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E mail: info@agnalmaqtariauditing.com
Website: www.almaqtariauditing.com

PCAOB
Public Company Accounting Oversight Board

ص.ب: ١٨٢٦٢٣، مكتب ١٩٠٢ برج كلوفو الخليج، الخليج التجاري، دبي، الإمارات العربية المتحدة
دبي :٢٧٦٣٨٨٨ ٤ ٩٧١+، ٣٦٨٦٣٩٤ ٤ ٩٧١+،٢٣٦٤٦٦٠ ٤ ٩٧١+
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مسجلة في المناطق الحرة الكبرى في الإمارات العربية المتحدة.
البريد الإلكتروني: info@agnalmaqtariauditing.com
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Auditors' 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 auditors' 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 risk 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 override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in auditors' report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Establishment 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 management 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.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Reports on Other Legal and Regulatory Requirements

Further, as required by Hamriyah Free Zone Authority, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and complied, in all material respects, with the applicable provisions of the Establishment's Memorandum and Articles of Association and provisions issued by Hamriyah Free Zone Authority;

iii) the Establishment has maintained proper books of account;

iv) the financial information included in the Directors' report, in so far as it relates to these financial statements, is consistent with the books of account of the Establishment;

v) the Establishment has not purchased any shares during the financial year ended 31 March 2019;

vi) note 7 to the financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Establishment has contravened during the financial year ended 31 March 2019 any of the applicable provisions issued by Hamriyah Free Zone Authority or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 March 2019.

المقطري لتدقيق الحسابات (فرع) محاسبون - مدققون - استشاريون
agn INTERNATIONAL
P.O. Box: 182623
DUBAI - U.A.E.
Al Maqtari Auditing (Branch) Accountants-Auditors-Consultants

Mohandas Balakrishnan
Auditors' Registration No: 507

28 May 2019

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PETROLEUM SPECIALITIES FZE
HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES

Statement of Financial Position
At 31 March 2019

(In United States Dollars)

	Notes	31 March 2019 USD	31 March 2018 USD
Assets			
Non-current assets			
Property, plant and equipment	3	**15,213,747**	16,000,797
Capital work in progress	4	**-**	-
Advance for capital assets	5	**13,680**	59,993
Total non-current assets		**15,227,427**	16,060,790
Current assets			
Other receivables and prepayments	6	**756,149**	696,862
Due from a related party	7	**-**	29,297
Inventories	8	**8,633,125**	10,879,955
Accounts receivables	9	**10,022,602**	5,263,377
Bank balances and cash	10	**2,531,715**	2,483,331
Total current assets		**21,943,591**	19,352,822
Total Assets		**37,171,018**	35,413,612
Equity and Liabilities			
Equity			
Share capital	11	**12,329,700**	9,536,784
Hedging reserve		**(61,477)**	-
Accumulated losses		**(3,785,000)**	(1,544,873)
Total Equity		**8,483,223**	7,991,911
Non-current liabilities			
Due to banks	12	**6,626,700**	8,600,400
Provision for end-of-service benefits	13	**73,397**	41,134
Total non-current liabilities		**6,700,097**	8,641,534
Current liabilities			
Other payables and accruals	14	**5,163,447**	2,844,977
Due to banks	12	**1,973,700**	399,600
Due to related parties	7	**560,834**	1,262
Accounts payables	15	**14,289,717**	15,534,328
Total current liabilities		**21,987,698**	18,780,167
Total Liabilities		**28,687,795**	27,421,701
Total Equity and Liabilities		**37,171,018**	35,413,612

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

The Report of the Auditors is set out on pages 2 to 4.

The financial statements on pages 5 to 28 were approved by the Board and signed on 22 April 2019.

Mr. Rishabh Kushal Desai **Mr. Kushal Narendra Desai**

Mr. Sanjay Moreshwar Abhyankar **Mr. Sai Sudhakar Gajjala**

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PETROLEUM SPECIALITIES FZE
HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES

Statement of Comprehensive Income
For the year ended 31 March 2019

(In United States Dollars)

	Notes	For the year ended 31 March 2019 USD	2018 USD
Sales	16	**55,377,944**	39,455,152
Cost of sales	17	**47,282,823**	31,719,786
Gross profit		**8,095,121**	7,735,366
General and administrative expenses	18	**2,867,343**	2,569,207
Selling and distribution expenses	19	**5,220,514**	3,710,606
Finance charges		**1,317,048**	1,007,006
Depreciation of property, plant and equipment	3	**930,343**	970,199
Total operating expenses		**(10,335,248)**	(8,257,018)
(Loss) from operating activities		**(2,240,127)**	(521,652)
Other income	20	**-**	1,935
(Loss) for the year		**(2,240,127)**	(519,717)
Other comprehensive (loss) to be reclassified to income statement in subsequent periods:			
(Decrease) in hedging reserve	6	**(61,477)**	-
Total comprehensive (loss) for the year		**(2,301,604)**	(519,717)

The accompanying notes form an integral part of these financial statements.
The Report of the Auditors is set out on pages 2 to 4.

The financial statements on pages 5 to 28 were approved by the Board and signed on 22 April 2019.

Mr. Rishabh Kushal Desai

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PETROLEUM SPECIALITIES FZE
HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES

Statement of Cash Flows
For the year ended 31 March 2019

(In United States Dollars)

	For the year ended 31 March	
	2019	2018
	USD	USD
Cash flows from/(used in) operating activities:		
(Loss) for the year	**(2,240,127)**	(519,717)
Adjustment for non-cash items:		
Provision for end-of-service benefits	**33,244**	34,202
Depreciation of property, plant and equipment	**930,343**	970,199
Operating (loss)/profit before changes in	**(1,276,540)**	484,684
Operating assets and liabilities		
(Increase) in other receivables and prepayments	**(59,287)**	(66,694)
Decrease/(Increase) in inventories	**2,246,830**	(2,644,460)
(Increase) in accounts receivables	**(4,759,225)**	(4,345,096)
Increase in related party accounts	**588,869**	-
Increase in accounts and other payables	**1,012,382**	7,522,742
End-of-service benefits paid during the year	**(981)**	(265)
Net cash flows (used in)/from operating activities	**(2,247,952)**	950,911
Cash flows from/(used in) investing activities:		
Purchase of property, plant and equipment	**(143,293)**	(595,931)
Advance for capital assets	**46,313**	56,514
Net cash flows (used in) investing activities	**(96,980)**	(539,417)
Cash flows from/(used in) financing activities:		
Increase in share capital	**2,792,916**	6,130,789
Repayment of term loan	**(399,600)**	-
(Decrease) in loan from related party	**-**	(4,894,004)
Net cash flows from financing activities	**2,393,316**	1,236,785
Net Increase in cash and cash equivalents	**48,384**	1,648,279
Cash and cash equivalents, beginning of the year	**2,483,331**	835,052
Cash and cash equivalents, end of the year	**2,531,715**	2,483,331
Represented by:		
Cash on hand (Note 10)	**3,857**	501
Bank balances (Note 10)	**2,527,858**	2,482,830
	2,531,715	2,483,331

The accompanying notes form an integral part of these financial statements.
The Report of the Auditors is set out on pages 2 to 4.

The financial statements on pages 5 to 28 were approved by the Board and signed on 22 April 2019.

Mr. Rishabh Kushal Desai

Mr. Kushal Narendra Desai

Mr. Sanjay Moreshwar Abhyankar

Mr. Sai Sudhakar Gajjala

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PETROLEUM SPECIALITIES FZE
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Statement of Changes in Equity
For the year ended 31 March 2019

(In United States Dollars)

	Share Capital	Hedging Reserve	Accumulated Losses	Total
	USD	USD	USD	USD
Balance at 1 April 2017	3,405,995	-	(1,025,156)	2,380,839
Changes in Equity:				
a. (Loss) for the year	-	-	(519,717)	(519,717)
b. Increase in share capital	6,130,789	-	-	6,130,789
Balance at 31 March 2018	9,536,784	-	(1,544,873)	7,991,911
Changes in Equity:				
a. (Loss) for the year	-	-	(2,240,127)	(2,240,127)
b. Other comprehensive (loss) for the year	-	(61,477)	-	(61,477)
c. Increase in share capital	2,792,916	-	-	2,792,916
Balance at 31 March 2019	12,329,700	(61,477)	(3,785,000)	8,483,223

Note: Hedging reserve represents the effective portion of the gain or loss on the interest rate swap contract held by the Establishment.

The accompanying notes form an integral part of these financial statements.
The Report of the Auditors is set out on pages 2 to 4.

The financial statements on pages 5 to 28 were approved by the Board and signed on 22 April 2019.

Mr. Rishabh Kushal Desai

Mr. Kushal Narendra Desai

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PETROLEUM SPECIALITIES FZE
HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES

Notes to the Financial Statements
At 31 March 2019

1 Legal status and activities

PETROLEUM SPECIALITIES FZE, ("the Establishment") is registered with the Hamriyah Free Zone Authority, Sharjah, United Arab Emirates as a free zone establishment and operates under industrial license no. 13326 issued on 18 November 2014. The Establishment's registered office is at Plot no. 1C-02D1, Hamriyah Free Zone, Sharjah, United Arab Emirates.

The Establishment is engaged in the business of manufacturing and marketing of petroleum based speciality products, all kinds of oils, lubricants and chemicals. The management and control of the Establishment are vested with Mr. Rishabh Kushal Desai.

2 Significant accounting policies

Basis of preparation
The financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial assets at fair value through other comprehensive income that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements are presented in United States Dollars (USD), being the functional and presentation currency of the Establishment.

Certain comparative amounts have been reclassified to conform to the presentation used in these financial statements.

Basis of compliance
The financial statements of the Establishment are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of the United Arab Emirates laws.

New standards, interpretations and amendments adopted by the Establishment
The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Establishment's annual financial statements, except for the adoption of the following new standards, interpretations and amendments. Although these new standards and amendments apply for the first time, they do not have a material impact on the financial statements of the Establishment.

IFRS 15 Revenue from contracts with customers
The standard replaces IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and related interpretations. IFRS 15 is more prescriptive, provides detailed guidance on revenue recognition and reduces the use of judgment in applying revenue recognition policies and practices as compared to the replaced IFRS and related interpretations. Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange of those goods or services. IFRS 15 also includes a comprehensive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Establishment has assessed that the impact of IFRS 15 is not material on the financial statements of the Establishment as at the adoption date and the reporting date.

PETROLEUM SPECIALITIES FZE
HAMRIYAH FREE ZONE, SHARJAH - UNITED ARAB EMIRATES

Notes to the Financial Statements (continued)
At 31 March 2019

2 Significant accounting policies (continued)

IFRS 9 Financial Instruments

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Establishment's financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Establishment has no share-based payment transactions, therefore these amendments do not have any impact on the Establishment's financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Establishment's financial statements.

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2 Significant accounting policies (continued)

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Establishment's financial statements.

The Establishment has also applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2019. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Establishment's future transactions or arrangements.

- Annual Improvements to IFRSs 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments in IFRS 9 Financial Instruments relating to prepayment features with negative compensation
- Amendment to IAS 19 Employee Benefits

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2019.

General impact of application of IFRS 16 Leases
IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lessee recognized a right-of-use asset, representing its right to use the underlying asset, and a lease obligation, representing its obligation to make lease payments. Lease expense will be replaced by depreciation on the right-of-use asset and interest expense on the lease obligation.

Right-of-use assets will be accounted for under IAS 16, Property, Plant and Equipment, and will be initially recorded at cost, which includes the initial measurement of the lease obligation and other costs, less lease incentives. Lease obligations will initially be measured at the present value of future lease payments and will be subsequently be measured at amortized cost using the effective interest rate method.

The Establishment intends to adopt the standard in the annual accounting periods beginning 1 April 2019. The Establishment is in the process of completing its review and analysis of IFRS 16 and will apply using the cumulative catch-up approach where the additional right-of-use assets and lease liabilities will be recorded from that date forward and will not require restatement of prior years' comparative information.

The Establishment will provide the quantitative impact of adoption IFRS 16 in its unaudited interim financial statement for the quarter ending 30 June 2019.

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2 Significant accounting policies (continued)

Standards, amendments and interpretations in issue but not effective

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2019, with the Establishment not opting for early adoption. These have, therefore, not been applied in preparing these financial statements.

- Amendments to references to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework. Effective for annual periods beginning on or after 1 January 2020.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. Effective date deferred indefinitely. Adoption is still permitted.

The Establishment does not expect the adoption of the above new standards, amendments and interpretations to have a material impact on the future financial statements of the Establishment.

Revenue from contracts with customers

The Establishment recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

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

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Establishment 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 Establishment will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.

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

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

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

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2 Significant accounting policies (continued)

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

Revenue is measured based on the consideration to which the Establishment expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Establishment recognises revenue when it transfers control of a product or service to a customer.

Interest income
Interest income is recognized as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised 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.

The Establishment classifies all other assets 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 Establishment cclassifies all other liabilities as non-current.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	30-60 Years
Plant and Machinery	10-20 Years
Motor Vehicles	8 Years
Furniture, Fixtures and Office Equipment	5-10 Years

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2 Significant accounting policies (continued)

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of property, plant and equipment may not be recoverable. Whenever the carrying amount of property, plant and equipment exceeds their recoverable amount, an impairment loss is recognized in the statement of comprehensive income. The recoverable amount is the higher of fair value less costs to sell of property, plant and equipment and the value in use. The fair value less costs to sell is the amount obtainable from the sale of property, plant and equipment in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of property, plant and equipment and from its disposal at the end of its useful life.

Reversal of impairment losses recognized in the prior years is recorded when there is an indication that the impairment losses recognized for the property, plant and equipment no longer exist or have reduced.

Inventories

Inventories are stated at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items.

Costs are those expenses incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Financial assets

All financial assets are recognized and derecognized on trade date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at cost, plus transaction costs, except for those financial assets classified at fair value through other comprehensive income or profit or loss, which are initially measured at fair value. All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

Classification of financial assets

For the purposes of classifying financial assets, an instrument is an "equity instrument" if it is a non-derivative and meets the definition of "equity" for the issuer (under IAS 32: *Financial Instruments: Presentation*) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are "debt instruments".

2 Significant accounting policies (continued)

Equity investments
All financial assets that are equity investments are measured at fair value either through other comprehensive income or through profit or loss. This is an irrevocable choice that the Establishment has made an early adoption of IFRS 9 – Phase 1 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss. Gain or loss on disposal of equity investments is not recycled. Dividend income for all equity instruments is recorded through the statement of comprehensive income.

Debt instruments
Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

- the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalent consist of cash at hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Accounts receivables
Accounts receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. When accounts receivables are uncollectible, it is written off against provision for doubtful debts. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

Derecognition of financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Establishment retains the right to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- The Establishment has transferred its rights to receive cash flows from the asset either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Establishment has transferred its rights to receive cash flows from an asset or has entered in a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Establishment's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Establishment could be required to repay.

2 Significant accounting policies (continued)

Impairment of financial assets
The Establishment assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial assets carrying amount and its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal (sometimes called net selling price) and its value in use.

Impairment of non-financial assets
The Establishment assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Establishment estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted shares prices for publicly traded entities or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exits, the Establishment estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

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2 Significant accounting policies (continued)

Financial liabilities and equity instruments issued by the Establishment
Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Establishment determines the classification of its financial liabilities at initial recognition.

Accounts and other payables
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings
Term loans are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortisation process.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on an effective yield basis.

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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

Derecognition of financial liabilities
The Establishment derecognized financial liabilities when, and only when, the Establishment's obligations are discharged, cancelled or they expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if,

- There is currently enforceable legal right to offset the recognized amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Leases
The Establishment as lessee
Rental payments under operating leases are charged to profit or loss as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2 Significant accounting policies (continued)

End-of-service benefits

The Establishment provides end-of-service benefits to its employees. The entitlement of these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Provisions

Provisions are recognized when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Establishment expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Use of estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies (that have the most significant effect on the amount recognized in the financial statements) are discussed in note 24.

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3 Property, plant and equipment

	Buildings	Plant and Machinery	Motor Vehicles	Furniture, Fixtures and Office Equipment	Total
	USD	USD	USD	USD	USD
Cost:					
At 1 April 2017	4,330,400	11,993,175	129,716	149,481	16,602,772
Additions	5,381	576,410	-	14,140	595,931
At 31 March 2018	4,335,781	12,569,585	129,716	163,621	17,198,703
Cost:					
At 1 April 2018	4,335,781	12,569,585	129,716	163,621	17,198,703
Additions	78,985	56,532	-	7,776	143,293
At 31 March 2019	**4,414,766**	**12,626,117**	**129,716**	**171,397**	**17,341,996**
Accumulated Depreciation:					
At 1 April 2017	24,907	150,798	28,840	23,162	227,707
Depreciation	125,185	763,837	31,504	49,673	970,199
At 31 March 2018	150,092	914,635	60,344	72,835	1,197,906
Accumulated Depreciation:					
At 1 April 2018	150,092	914,635	60,344	72,835	1,197,906
Depreciation	127,974	745,810	21,665	34,894	930,343
At 31 March 2019	**278,066**	**1,660,445**	**82,009**	**107,729**	**2,128,249**
Net carrying amount:					
At 31 March 2018	4,185,689	11,654,950	69,372	90,786	16,000,797
Net carrying amount:					
At 31 March 2019	**4,136,700**	**10,965,672**	**47,707**	**63,668**	**15,213,747**

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4 Capital work in progress

	31 March 2019 USD	31 March 2018 USD
Balance at 1 April	-	-
Additions during the year	-	423,771
Transfer to property, plant and equipment	-	(423,771)
Balance at 31 March	-	-

Note: Capital work in progress represents cost incurred in connection with the setting up of facilities for manufacturing of petroleum based speciality products, all kinds of oils, lubricants and chemicals at Plot no. 1C-02D1, Hamriyah Free Zone, Sharjah, United Arab Emirates.

5 Advance for capital assets

	31 March 2019 USD	31 March 2018 USD
Advances to suppliers and contractors	13,680	59,993

Note: The above represents the advances given to the suppliers and contractors in connection with the setting up of facilities for manufacturing of petroleum based speciality products, all kinds of oils, lubricants and chemicals at Plot no. 1C-02D1, Hamriyah Free Zone, Sharjah, United Arab Emirates.

6 Other receivables and prepayments

	31 March 2019 USD	31 March 2018 USD
Prepayments and deferrals	**534,218**	441,359
Refundable deposits	**106,179**	40,227
Advances	**6,520**	32,038
Other receivables	**109,232**	183,238
	756,149	696,862

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7 Related party transactions

Related parties represent the directors and key management personnel, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Establishment's management.

Balances with related party included in the statement of financial position are as follows:

(a) Due from a related party

	31 March	
	2019	2018
	USD	USD
M/s. Petroleum Specialities PTE LTD, Singapore	**-**	29,297

(b) Due to related parties

	31 March	
	2019	2018
	USD	USD
M/s. Petroleum Specialities PTE LTD, Singapore	**15,070**	-
M/s. Apar Industries Limited, India	**545,764**	1,262
	560,834	1,262

(c) Compensation of key management personnel

The remuneration of member of key management during the year were as follows:

	For the year ended 31 March	
	2019	2018
	USD	USD
Short-term benefits	**53,914**	53,914
End-of-service benefits	**3,102**	5,485
	57,016	59,399

8 Inventories

	31 March	
	2019	2018
	USD	USD
Raw materials	**7,476,340**	9,916,760
Work in progress	**24,714**	471,324
Finished goods	**1,000,864**	340,982
Consumables	**131,207**	150,889
	8,633,125	10,879,955

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9 Accounts receivables

	31 March	
	2019	2018
	USD	USD
Trade debtors	**10,022,602**	5,263,377

Ageing analysis of unimpaired accounts receivables

	31 March	
	2019	2018
	USD	USD
Due for less than 12 months	**10,002,331**	5,263,377
Due for more than 12 months	**20,271**	-
	10,022,602	5,263,377

Unimpaired accounts receivables are expected, on the basis of past experience, to be fully recoverable.

As at 31 March 2019, there were no impaired accounts receivables (31 March 2018 : Nil).

10 Bank balances and cash

	31 March	
	2019	2018
	USD	USD
Cash on hand	**3,857**	501
Bank balances - Current accounts	**2,527,858**	2,482,830
	2,531,715	2,483,331

11 Share capital

	31 March	
	2019	2018
	USD	USD
Balance at 1 April	**9,536,784**	3,405,995
Additions during the year	**2,792,916**	6,130,789
Balance at 31 March	**12,329,700**	9,536,784

On 24 March 2019, authorised, issued and paid up capital of the Establishment has been changed to AED 45,250,000 (USD 12,329,700) divided into 45,250 shares of AED 1,000 each, fully paid and held by M/s. Petroleum Specialities PTE LTD, Singapore.

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12 Due to banks

	31 March	
	2019	2018
	USD	USD
Term loan	**8,600,400**	9,000,000
Less: Current portion	**(1,973,700)**	(399,600)
Non-current portion of term loan	**6,626,700**	8,600,400

Note: The term loan USD 9,000,000 is to be repaid in unequal quarterly installments up to 29 June 2022.

Bank facilities granted to the Establishment are secured by the following:

a. Joint and several guarantees of M/s. Petroleum Specialities PTE LTD, Singapore and M/s. Apar Industries Limited, India, related parties.

b. Mortgage over fixed assets (plant and machinery) situated at Plot no. 1C-02D1, Hamriyah Free Zone, Sharjah, United Arab Emirates.

13 Provision for end-of-service benefits

	31 March	
	2019	2018
	USD	USD
Provision for end-of-service benefits, 1 April	**41,134**	7,197
Provided during the year	**33,244**	34,202
Paid during the year	**(981)**	(265)
Provision for end-of-service benefits, 31 March	**73,397**	41,134

14 Other payables and accruals

	31 March	
	2019	2018
	USD	USD
Accruals and provisions	**3,810,535**	2,626,474
Advances	**315,142**	205,000
Interest rate derivative	**61,477**	-
Other payables	**976,293**	13,503
	5,163,447	2,844,977

15 Accounts payables

	31 March	
	2019	2018
	USD	USD
Trade creditors	8,324,445	2,531,887
Acceptances	5,965,272	13,002,441
	14,289,717	15,534,328

16 Sales

	For the year ended 31 March	
	2019	2018
	USD	USD
Export sales	53,784,537	38,253,161
Other direct income	1,593,407	1,201,991
	55,377,944	39,455,152

17 Cost of sales

	For the year ended 31 March	
	2019	2018
	USD	USD
Direct costs	47,282,823	31,719,786

18 General and administrative expenses

	For the year ended 31 March	
	2019	2018
	USD	USD
Salaries and other related benefits	1,146,242	1,017,786
Land rent	360,472	360,851
Staff and labour accommodation	146,143	144,852
Legal and professional, municipal and visa charges	284,017	140,910
Insurance	145,991	142,638
Communication	68,028	58,890
Travelling and conveyance	147,845	149,855
Other general and administrative expenses	568,605	553,425
	2,867,343	2,569,207

19 Selling and distribution expenses

	For the year ended 31 March	
	2019	2018
	USD	USD
Freight	**2,224,359**	1,757,686
Packaging	**2,366,777**	1,678,064
Storage	**409,838**	42,937
Commission	**193,305**	182,273
Other selling and distribution expenses	**26,235**	49,646
	5,220,514	3,710,606

20 Other income

	For the year ended 31 March	
	2019	2018
	USD	USD
Miscellaneous receipts	**-**	1,935

21 Guarantees and contingencies

	31 March	
	2019	2018
	USD	USD
Letters of guarantee	**1,608,665**	1,264,127

The above guarantees are issued in the ordinary course of business from which it is anticipated that no material liability will arise. In addition to the above, the Establishment has provided labour guarantees.

22 Risk management

Risk is inherent in the Establishment's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Establishment's continuing profitability and each individual within the Establishment is accountable for the risk exposures relating to his or her responsibilities.

The Establishment's Director oversees the management of these risks. The Directors review and agree policies for managing each of these risks which are summarised below.

The Establishment's principal financial liabilities consist of accounts payables, due to related parties, due to banks and other payables. The Establishment's financial assets are bank balances and cash, accounts receivables, due from a related party, deposits and other receivables.

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22 Risk management (continued)

The Establishment's financial risk management process and policies relating to these risks are discussed in detail below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Establishment is not currently exposed to any significant interest rate risk.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Establishment is exposed to credit risk from its operating activities (primarily for accounts receivables), including deposits with banks and financial institutions, and other financial instruments.

The Establishment is exposed to credit risk on its bank balances and receivables as follows:

	31 March	
	2019	2018
	USD	USD
Bank balances	**2,527,858**	2,482,830
Accounts receivables	**10,022,602**	5,263,377
Advance for capital assets	**13,680**	59,993
Due from a related party	**-**	29,297
Refundable deposits	**106,179**	40,227
Advances	**6,520**	32,038
Other receivables	**109,232**	183,238
	12,786,071	8,091,000

Accounts and other receivables

Credit risks related to receivables are managed subject to the Establishment's policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. Carrying amount of accounts and other receivables best represent the maximum exposure to credit risk at the end of each reporting period presented.

The Establishment has taken credit insurance with respect to its accounts receivables.

Other financial assets

With respect to credit risk arising from the other financial assets of the Establishment, which comprise bank balances, refundable deposits and other receivables, the Establishment's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

22 Risk management (continued)

The Establishment seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

Balances due from related parties and other receivables are held with reputed counter parties which management do not expect any loss from their non-performance. Where non-performance is identified a provision is made.

Liquidity risk

Liquidity risk is the risk that the Establishment will encounter difficulty in meeting obligations from its financial liabilities.

The Establishment's objective is to maintain a balance between continuity of funding and flexibility through efficient cash management. The Establishment limits its liquidity risk by ensuring adequate funds from the owner or other related parties are available.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Establishment is not exposed to any significant currency risk as most of the transactions are in United States Dollars (USD).

Capital management

The primary objective of the Establishment's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize value to the owner.

The Establishment manages its capital structure and makes adjustments to it, in light of changes in business conditions. To maintain or adjust the capital structure, the Establishment may adjust the profit payment to the owner, return capital to the owner or issue new shares. No changes were made in the objectives, policies, or processes during the year ended 31 March 2019 and 31 March 2018. Capital comprises share capital, reserve and accumulated losses and is measured at USD 8,483,223 (31 March 2018 : USD 7,991,911).

23 Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and cash, accounts receivables, due from a related party, deposits and other receivables. Financial liabilities consist of accounts payables, due to related parties, due to banks and other payables.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

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24 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of accounts receivables

An estimate of the collectible amount of accounts receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due, based on historical recovery rates. At the statement of financial position date, gross accounts receivables were USD 10,022,602 (31 March 2018 : USD 5,263,377). No allowance for doubtful debts was required during the year ended 31 March 2019 and 31 March 2018. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

Useful lives and depreciation of property, plant and equipment

The Establishment's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Impairment of non-financial assets

The Establishment assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Apar Transmission & Distribution Projects Private Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Apar Transmission & Distribution Projects Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the board's report including annexures thereto and management discussion and analysis, but 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 any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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.

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Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from 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 has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

• 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

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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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

1 As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the central government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 As required by section 143(3) of the Act, based on our audit, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to

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the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

(h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i the Company does not have any pending litigations which would impact its financial position;

ii the Company did not have any long-term contracts including derivative contracts for which there are no material foreseeable losses; and

iii there are no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Sharp & Tannan LLP
Chartered Accountants
Firm's registration no.127145W/W100218

SHARP & TANNAN LLP MUMBAI CHARTERED ACCOUNTANTS

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, 21 May 2019

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

(i) According to the information and explanations given to us, the Company does not hold any fixed assets during the year and accordingly reporting under clause (i) (a), (b) and (c) of the Order is not applicable.

(ii) According to the information and explanations given to us, the company is engaged in services related to stringing / re-stringing etc. for conductors and cables industries and its activities do not require it to hold any inventories and accordingly, reporting under paragraph 3(ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, investments, guarantees under the provisions of sections 185 and 186 of the Act. Accordingly, reporting under paragraph 3(iv) not applicable.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, reporting under paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, goods and service tax, cess and other material statutory dues have been generally regular in depositing during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales-tax, duty of customs, duty of excise, and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, goods and service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2019 is nil.

(viii) According to the information and explanations given to us, the Company has not taken any loans or borrowings from banks, financial institutions and Government. The Company has not issued any debentures. Accordingly, the Paragraph 3(viii) of the Order is not applicable to the Company.

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(ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and by way of term loan. Accordingly, the Paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid / provided any managerial remuneration. Accordingly, the Paragraph 3(xi) of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Sharp & Tannan LLP
Chartered Accountants
Firm's registration no.127145W/W100218

SHARP & TANNAN LLP MUMBAI CHARTERED ACCOUNTANTS

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, 21 May 2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under section 143(3)(i) of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of Apar Transmission & Distribution Projects Private Limited (the 'Company') as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

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with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Sharp & Tannan LLP
Chartered Accountants
Firm's registration no.127145W/W100218

Firdosh D. Buchia
Partner
Membership no. 038332

SHARP & TANNAN LLP MUMBAI CHARTERED ACCOUNTANTS

Mumbai, 21 May 2019

Apar Transmission & Distribution Projects Private Limited

Balance sheet as at March 31, 2019

	Note	As at March 31, 2019 ₹	As at March 31, 2018 ₹
ASSETS			
Non-current assets			
Financial Assets			
Other non-current assets	2	20,000	20,000
Other Tax Assets	3	719,032	1,020,000
Deferred Tax assets (net)		5,631,582	-
Total non current assets		**6,370,614**	**1,040,000**
Current Assets			
Financial Assets			
Trade receivables	4	30,428,694	15,158,045
Cash and cash equivalents	5	543,517	114,162
Short-term loans and advances	6	133,500	-
Contract Assets	7	5,925,708	66,832,000
Other current assets	8	9,822,881	12,789,829
Total current assets		**46,854,300**	**94,894,036**
TOTAL ASSETS		**53,224,914**	**95,934,036**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	9	100,000	100,000
(b) Other equity			
Reserves & Surplus	10	(4,530,681)	11,497,666
Total equity		**(4,430,681)**	**11,597,666**
Current liabilities			
Financial liabilities			
Trade and other payables	11	53,997,790	70,984,635
Other current liabilities	12	3,657,805	9,336,345
Liabilities for current tax	13	-	4,015,390
Total current liabilities		**57,655,595**	**84,336,370**
Total liabilities		**57,655,595**	**84,336,370**
Total Equity and Liabilities		**53,224,914**	**95,934,036**

As per our report of even date attached
SHARP & TANNAN LLP
Chartered Accountants
Firm's Registration
No. 127145W/W100218
by the hand of

Firdosh D Buchia
Partner
Membership No. 038332
Mumbai
21st May, 2019

For and on behalf of the Board of Directors

Ashwin H. Shah
Chairman
DIN : 07561552
Vadodara,
21st May, 2019

Ahmedhussain G Vohra
Director
DIN : 08166808

APAR TRANSMISSION & DISTRIBUTION PROJECTS PRIVATE LIMITED

SHARP & TANNAN LLP MUMBAI CHARTERED ACCOUNTANTS

Apar Transmission & Distribution Projects Private Limited

Statement of profit and loss for the year ended March 31, 2019

	Note	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
Revenue			
I. Revenue from Operations	14	100,677,964	125,127,325
II. Total Revenue		**100,677,964**	**125,127,325**
III. Expenses			
Processing charges, fabrication and labour charges		70,697,288	92,809,032
Other expenses	15	51,640,604	16,724,544
Total Expenses		**122,337,892**	**109,533,576**
IV. Profit Before Exceptional Items and Tax		(21,659,928)	15,593,749
V. Exceptional Items		-	-
VI. Profit Before Tax		**(21,659,928)**	**15,593,749**
VII. Tax expense:			
1. Current Tax		-	4,015,390
2. Deferred Tax		(5,631,581)	-
		(5,631,581)	**4,015,390**
VIII. Net Profit for the year (IX+X)		(16,028,347)	11,578,359
IX.Other Comprehensive Income		-	-
X. Total Comprehensive Income for the period (VIII+IX) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		(16,028,347)	11,578,359
XII. Earnings per equity share	16		
Basic		(1,603)	1,158
Diluted		(1,603)	1,158
Significant Accounting Policies	1		

As per our report of even date attached
SHARP & TANNAN LLP
Chartered Accountants
Firm's Registration
No. 127145W/W100218
by the hand of

For and on behalf of the Board of Directors

Firdosh D Buchia
Partner
Membership No. 038332
Mumbai
21st May, 2019

Ashwin H. Shah
Chairman
DIN : 07561552
Vadodara,
21st May, 2019

Ahmedhussain G Vohra
Director
DIN : 08166808

APAR TRANSMISSION & DISTRIBUTION PROJECTS PRIVATE LIMITED

SHARP & TANNAN LLP MUMBAI CHARTERED ACCOUNTANTS

Apar Transmission & Distribution Projects Private Limited

Statement of cash flows for the year ended March 31, 2019

	For the year ended March 31, 2019 ₹	For the year ended March 31, 2018 ₹
Cash flow from operating activities		
Profit before tax	(21,659,928)	15,593,749
Adjustments for	-	-
Movement in working capital		
(Increase)/ Decrease in trade and other receivables	48,469,092	(86,563,646)
Increase/ (Decrease) in trade and other payables	(16,986,846)	70,972,934
(Decrease)/ Increase in other liabilities	(5,678,540)	31,125
Tax paid	(3,714,423)	-
Net cash generated by / (used in) operating activities	**429,355**	**34,162**
Net increase / (decrease) in cash and cash equivalents	429,355	34,162
Effect of exchanges rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	114,162	80,000
Cash and cash equivalents at the end of the year	**543,517**	**114,162**

Notes :

1) Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 Statement of Cash Flows.

As per our report of even date attached
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APAR TRANSMISSION & DISTRIBUTION PROJECTS PRIVATE LIMITED

SHARP & TANNAN LLP
MUMBAI
CHARTERED ACCOUNTANTS

Apar Transmission & Distribution Projects Private Limited

Statement of changes in equity

(a) Equity share capital

	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	₹	No. of Shares	₹
Balance at the beginning of the reporting period Balance	10,000	100,000	10,000	100,000
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	10,000	100,000	10,000	100,000

₹

(b) Other equity

	Reserves & Surplus				
	Retained earnings - Surplus	General reserve	Securities premium	OCI	Total
For the year ended					
Balance at April 1, 2017	**(80,693)**	-	-	-	**(80,693)**
Profit for the year	11,578,359	-	-	-	11,578,359
Other comprehensive income for the year			-	-	-
Total comprehensive income for the year	**11,578,359**	-	-	-	**11,578,359**
Balance at March 31, 2018	**11,497,666**	-	-	-	**11,497,666**
Loss for the year	(16,028,347)	-	-	-	(16,028,347)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	**(16,028,347)**	-	-	-	**(16,028,347)**
Balance at March 31, 2019	**(4,530,681)**	-	-	-	**(4,530,681)**

As per our report of even date attached
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Chartered Accountants
Firm's Registration
No. 127145W/W100218
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Firdosh D Buchia
Partner
Membership No. 038332
Mumbai
21st May, 2019

APAR TRANSMISSION & DISTRIBUTION PROJECTS PRIVATE LIMITED

SHARP & TANNAN LLP MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Ashwin H. Shah
Chairman
DIN : 07561552
Vadodara,
21st May, 2019

Ahmedhussain G Vohra
Director
DIN : 08166808

Note: 1 – Significant Accounting Policies

1. General information

The Company was incorporated as Wholly owned Subsidiary of Apar Industries Limited on 26th August, 2016 to carry out the business of stringing / re-stringing etc. of Conductors and cables. Apar Industries Limited holds 100% of the Equity Share Capital of the Company i.e. 10,000 Equity Shares of Rs. 10/- each. The Company is incorporated in India. The registered office of the company is situated at at 301, Panorama Complex, R. C. Dutt Road, Vadodara, Gujarat – 390 007.

These financial statements are approved for issue by the Board of Directors on May 21, 2019.

2. Statement of Compliance

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with Section 133 of the Companies Act, 2013 ("the 2013 Act"), and the relevant provisions of the 2013 Act (to the extent notified) read with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.
Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in accounting policy hitherto in use.

3. Functional and presentation currency

These financial statements are presented in Indian rupees (INR), which is the Company's functional currency. All amounts have been rounded off to the nearest rupee, unless otherwise indicated.

4. Key estimates and assumptions

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the (i) balance sheet and (ii) statement of profit and loss. The actual amounts realised may differ from these estimates.
Estimates and assumptions are required in particular for:

- **Recognition of deferred tax assets**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

- **Recognition and measurement of other provisions**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

- **Fair value of financial instruments**

Derivatives and investments in mutual funds are carried at fair value. Derivatives includes Foreign Currency Forward Contracts, Commodity futures contracts and Interest Rate Swaps. Fair value of Foreign Currency Forward Contracts and commodity future contracts are determined using the fair value reports provided by merchant bankers and LME brokers respectively. Fair value of Interest Rate Swaps are determined with respect to current market rate of interest.

APAR TRANSMISSION & DISTRIBUTION PROJECTS PRIVATE LIMITED ★

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5 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included in 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 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6 Significant accounting policies followed by the company

A. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of profit and loss.

Recent Accounting pronouncements – Appendix B to Ind AS 21, Foreign Currency transactions and advance considerations

On March 28, 2018, the Ministry of Corporate Affairs ('the MCA') notified the Companies (Indian Accounting Standards) Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

APAR TRANSMISSION & DISTRIBUTION PROJECTS PRIVATE LIMITED ★

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B. Revenue Recognition

i. Revenue from contract with customers for sale of goods and provision of services

Ind AS 115 Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs had notified Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible method of transition:
• Retrospective Approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch up approach)

The Company has adopted the standard on April 1, 2018 by using cumulative catch up transition method. The effect on adoption of Ind AS 115 was insignificant on the financial statements.

The Company recognizes revenue from contracts with the customers based on five step model defined in Ind AS 115. The Company satisfies a performance obligation and recognizes revenue over time, if any of the conditions given in Ind AS 115 satisfies; else revenue is recognized at 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 based asset 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.

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates Revenues are recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue & costs, if applicable, can be measured reliably.

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a. Performance Obligation

The Company derives its revenue from providing stringing and re-stringing services in Power Transmission Conductors Industry and Cables Industry.

The Company is required to assess each of its contracts with customers to determine whether performance obligation are satisfied over time or at a point in time in order to determine the appropriate method for recognizing of revenue. The Company has assessed that based on the contracts entered into with the customers and the provisions of relevant laws and regulations, the Company recognizes the revenue over time only if it satisfies the criteria given in Ind AS 115. Where the criteria as per Ind AS 115 are not met, revenue is recognized at a point in time.

The Company satisfies its performance obligation when the control over the goods is transferred to the customer or benefits of the services being provided is received and consumed by the customer.

In cases where the Company determines that performance obligation is satisfied at a point in time, revenue is recognized when the control over the goods is transferred to the customer or benefits of the services being provided is received and consumed by the customer. The Company considers that the customer has obtained the control of promised goods or services; when the goods have been dispatched/delivered to the destination as per terms of the contract or services has been provided and consumed by the customer as per agreed terms and the Company has unconditional right to consideration.

In cases where the Company determines that performance obligation is satisfied over time, then revenue is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction (Input Method). The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

1. The amount of revenue can be measured reliably;
2. It is probable that the economic benefits associated with the transaction will flow to the company;
3. The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
4. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Stage of completion is determined by the proportion of actual costs incurred to-date, to the estimated total costs of the transaction.

The Company considers that the use of the input method, which requires revenue recognition on the basis of the company's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Company estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of meeting contractual obligation to the customers, these estimates mainly include;

a. For service contracts, the time elapsed

b. Transaction Price

The Company is required to determine the transaction price in respect of each of its contracts with customers.

Contract with customers for sale of goods or services are either on a fixed price or on variable price basis.

For allocating the transaction price, the Company measured the revenue in respect of each performance obligation of contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In making judgment about the standalone selling price, the Company also assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration if any, the Company uses the "most likely amount" method as per Ind AS 115 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

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c. Contract Modification

Any changes in the scope or price of the contracts are accounted only when the same is approved. The accounting of modification calls for assessment of changes in the scope or prices. If the goods or services added are not of distinct nature then modification are accounted on a cumulative catch up basis, while those that are distinct are accounted prospectively, either as a separate contract, if additional goods or services are priced at the standalone selling prices or as a termination of the existing contract and creation of new contract if not priced at the standalone selling price.

ii. Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

iii. Dividend income is recognised when the right to receive the payment is established.

C. Finance income and finance costs

The Company's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on financial assets at FVTPL
- exchange differences arising from monetary assets and liabilities

Interest income or expense is recognised using the effective interest rate method.

Share issue expenses are written off against share premium account, if any, or amortized over a period of 5 years.

D. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends

Current tax assets and liabilities are offset only if the Company:

a) has a legally enforceable right to set off the recognised amounts; and
b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax asset / liabilities in respect of temporary differences which originate and reverse during the tax holiday period are not recognised. Deferred tax assets / liabilities in respect of temporary differences that originate during the tax holiday period but reverse after the tax holiday period are recognised.

E. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is provided, pro rata to the period of use, based on useful lives specified in Schedule II to the Companies Act, 2013 except in the case where the estimated useful life based on management experience and technical evaluation differs.

Depreciation is charged on the Straight Line or the Written Down Value based on the method consistently followed by the respective entities in the Company.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital expenditure in respect of which ownership does not vest with the Company is amortized over a period of five years. Leasehold land is amortised over the period of lease.

F. Intangible Assets

Intangible assets which are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

G. Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

H. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, Commodity future Contracts, interest rate swaps and currency options; and embedded derivatives in the host contract.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

APAR TRANSMISSION & DISTRIBUTION PROJECTS PRIVATE LIMITED

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I. **Financial assets**

Classification

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at fair value through profit and loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

ii. Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable and incremental transaction cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition 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 and loss.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Derecognition

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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 on 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.

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Offsetting of financial instruments

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

Provisions and contingent liabilities

Provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

J. Leases

i. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

ii. Lease assets

Assets held by the Company under leases that transfer to the Company's substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

K. Impairment of non-financial assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

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L. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company cash management.

M. Earnings per share

Basic Earnings per share is calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

7 Ind AS issued but not effective

The following Ind AS / amendments to Ind AS have been notified by Ministry of Corporate Affairs ("MCA"), which the Company has not applied as they are effective from April 1, 2019.

a. Ind AS 116 - Leases

On March 30, 2019, the Ministry of Corporate Affairs had notified Ind AS 116 - Leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Currently under Ind AS 17, leases are classified as finance lease and operating lease.

Under Ind AS 116, a lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant & equipment) and lease liability similarly to other financial liabilities. As consequences, a lessee recognizes depreciation of the right of use asset and interest on the lease liability and also classifies cash repayments of lease liability into a principal portion and interest portion.

The standard permits two possible method of transition:

- Retrospective Approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IND AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch up approach)

The Company will adopt the standard on April 1, 2019 by using cumulative catch up transition method and accordingly comparative for the year ending or ended March 31, 2019 will not be retrospectively adjusted. As at the date of this report, the Company management does not expect that the Company's result of operations and financial position will be materially impacted upon adoption of Ind AS 116.

b. Amendment to Ind AS 12 Income taxes

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company is currently evaluating the impact on account of this amendment to the financial statements.

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c. Ind AS 12, Appendix C, uncertainty over income tax treatments

Ind AS 12, Appendix C, Uncertainty over Income Tax treatments is to be applied while performing the determination of Taxable Profits (Loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatment under Ind AS 12. According to appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which had to be considered to compute the most likely amount or the expected value of tax treatment when determining taxable profits (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Retrospective Approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IND AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch up approach)

The Company will adopt the standard on April 1, 2019 by using cumulative catch up transition method and accordingly comparative for the year ending or ended March 31, 2019 will not be retrospectively adjusted. The Company does not expect any material impact on account of this amendment.

d. Ind AS 109 – prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect any material impact on account of this amendment.

e. Ind AS 19 – Plan amendment, curtailment or settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect any material impact on account of this amendment.

f. Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any material impact on account of this amendment.

g. Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

h. Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not expect any material impact on account of this amendment.

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Note 2 Other Non current Finacial Assets	31 March 2019 ₹	31 March 2018 ₹
Unsecured, considered good		
Security deposits	20,000	20,000
	20,000	20,000

Note 3 Other Tax Assets	31 March 2019 ₹	31 March 2018 ₹
Advance Income tax (net of Provision)	719,032	1,020,000
	719,032	1,020,000

Note 4 Trade Receivable	31 March 2019 ₹	31 March 2018 ₹
Un-Secured		
Considered good (Refer note below)	30,428,694	15,158,045
	30,428,694	15,158,045

Note:

Due from Holding Company	31 March 2019 ₹	31 March 2018 ₹
Apar Industries Limited	30,428,694	15,158,045

Note 5 Cash and cash equivalents	31 March 2019 ₹	31 March 2018 ₹
On current accounts	543,517	114,162
	543,517	114,162

Note 6 Short term loans & advances	31 March 2019 ₹	31 March 2018 ₹
Security deposits to customer	133,500	-
	133,500	-

Note 7 Contract Assets	31 March 2019 ₹	31 March 2018 ₹
Unbilled revenue (Refer note below)	5,925,708	66,832,000
	5,925,708	66,832,000

Note:

Unbilled revenue from Holding Company	31 March 2019 ₹	31 March 2018 ₹
Apar Industries Limited	5,925,708	57,000

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Note 8 Other current assets	31 March 2019 ₹	31 March 2018 ₹
Balances with statutory/government authorities	6,879,307	9,683,203
Prepayments and others	2,943,574	3,106,626
Others	-	-
	9,822,881	**12,789,829**

	Note 9 Equity share capital	31 March 2019	31 March 2018
a	**Authorised :**		
	20,000 (Previous year 20000) Equity shares of ₹ 10 each	200,000	200,000
	TOTAL	200,000	200,000
b	**Issued :**		
	10,000 (Previous year 10,000) Equity shares of ₹ 10 each	100,000	100,000
	TOTAL	100,000	100,000
c	**Subscribed and Paid up :**		
	10,000 (Previous year 10,000) Equity shares of ₹ 10 each	100,000	100,000
		100,000	100,000

d	Reconciliation of number of shares outstanding at the beginning and end of the year :	31 March 2019	31 March 2018
	Outstanding at the beginning of the year	10,000	10,000
	Issued during the year	-	-
	Outstanding at the end of the year	10,000	10,000

e Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

f Shareholders holding more than 5% shares in the company is set out below:	31 March 2019		31 March 2018	
	No of shares	%	No of shares	%
Apar Industries Limited	9,999	99.99%	9,999	99.99%

g Shares Reserved for issue under options

There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

Note 10 Other Equity

	31 March 2019 ₹	31 March 2018 ₹
Retained earnings - Surplus / (Deficit)	(4,530,681)	11,497,666
	(4,530,681)	11,497,666
Retained earnings - Surplus / (Deficit)		
As per Last Balance Sheet	11,497,666	(80,693)
Increase/(Decrease) during the year	(16,028,347)	11,578,359
Closing Balance	**(4,530,681)**	**11,497,666**

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Notes To The Financial Statement as at and for the Year Ended March 31, 2019

Note 11 Trade and other payables	31 March 2019 ₹	31 March 2018 ₹
Due to Micro, Small and Medium Enterprises	-	-
Due to other than micro and small and medium enterprises	53,997,790	70,984,635
Total	53,997,790	70,984,635

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the balance sheet date. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 12 Other current liabilities	31 March 2019 ₹	31 March 2018 ₹
Statutory dues towards Government	3,089,176	9,336,345
Other payables	568,629	
	3,657,805	9,336,345

Note 13 Provision for Tax	31 March 2019 ₹	31 March 2018 ₹
Provision for Tax for Current Year		4,015,390
Total	-	4,015,390

Note 14 Revenue from operations	2018-19 ₹	2017-18 ₹
Sale of services	100,670,464	125,127,325
Miscellaneous Income	7,500	-
Total	100,677,964	125,127,325
Revenue from operations (gross)	100,677,964	125,127,325

Note 15 Other expenses	2018-19 ₹	2017-18 ₹
Rates and taxes	600	190
Repairs and maintenance		
Others	20,655	-
Travelling and conveyance	2,781,665	-
Legal and professional fees	66,500	24,000
Statutory audit fees (Refer note below)	60,000	25,000
Lease rental	435,300	-
Security charges	2,371,819	-
Guest house rent	876,601	213,623
Miscellaneous expenses	133,160	3,352
Reimbursement of expenses to holding company	44,894,304	16,458,369
	51,640,604	16,724,544

Note : Auditors' remuneration

Auditor remuneration as	2018-19 ₹	2017-18 ₹
Auditor	60,000	25,000

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Notes To The Financial Statement as at and for the Year Ended March 31, 2019

Note 16 Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

i. Profit attributable to ordinary shareholders (basic)

	March 31, 2019 ₹	March 31, 2018 ₹
Profit (loss) for the year, attributable to the owners of the Company	(16,028,347)	11,578,359
Profit (loss) for the year, attributable to the owners of the Company	(16,028,347)	11,578,359

ii. Weighted average number of ordinary shares (basic)

	March 31, 2019	March 31, 2018
Issued ordinary share capital	10,000	10,000
Weighted average number of shares at March 31	**10,000**	**10,000**

iii. Earning Per Share

	March 31, 2019	March 31, 2018
Earning per share	(1,603)	1,158

B. Diluted earnings per share

There are no dilutive instruments as at 31/03/2019 and as at 31/03/2018, hence diluted earnings per share is same as basic earnings per share.

Note 17: Related party relationships, transactions and balances

A. List of Related Parties

Holding Company: Apar Industries Limited

B. Related Party Transactions ₹

Transactions	2019	2018
1. Sales of services	102,689,964	58,352,325
2. Reimbursement of expenses	45,278,921	16,517,481
3. Balance outstanding for sales of services	36,354,403	15,215,045

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Note 18 Tax Expenses

(a) Amounts recognised in profit and loss

	March 31, 2019 ₹	March 31, 2018 ₹
Current income tax	-	4,015,390
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(5,631,581)	-
Deferred tax expense	(5,631,581)	-
Tax expense for the year	**(5,631,581)**	**4,015,390**

(b) Reconciliation of effective tax rate

	March 31, 2019 ₹	March 31, 2018 ₹
Profit before tax	(21,659,928)	15,593,749
Enacted Income tax rate in India	26.00%	25.75%
Tax using the Company's domestic tax rate	(5,631,581)	4,015,390
Tax effect of:	-	-
Tax expense for the year	**(5,631,581)**	**4,015,390**

(c) Movement in Deferred Tax

	March 31, 2019 ₹	March 31, 2018 ₹
Opening Balance	-	-
Recognised during the year - DTA / (DTL)	5,631,581	-
Deferred tax Asset / (Deferred tax liabilties) at year end	**5,631,581**	-

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Note 19 Financial Instruments – Fair values and risk management Disclosure

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

March 31, 2019	Note No.	Carrying amount (₹)				
		Fair value-hedging instruments	FVTPL	FVTOCI	Amortized Cost	Total
Financial Assets						
Non current - Other	2				20,000	20,000
Trade receivables	4				30,428,694	30,428,694
Cash and cash equivalents	5				543,517	543,517
Short-term loans and advances	6				133,500	133,500
Total Financial Assets		-	-	-	**31,125,711**	**31,125,711**
Financial liabilities						
Trade and other payables	11				53,997,790	53,997,790
Total Financial Liabilities		-	-	-	**53,997,790**	**53,997,790**

March 31, 2018	Note No.	Carrying amount (₹)				
		Fair value-hedging Instruments	FVTPL	FVTOCI	Amortized Cost	Total
Financial Assets						
Non current - Other	2				20,000	20,000
Trade receivables	4				15,158,045	15,158,045
Cash and cash equivalents	5				114,162	114,162
Short-term loans and advances	6				-	-
Total Financial Assets		-	-	-	**15,292,207**	**15,292,207**
Financial liabilities						
Trade and other payables	11				70,984,635	70,984,635
Total Financial Liabilities		-	-	-	**70,984,635**	**70,984,635**

Assets that are not financial assets (such as receivables from statutory authorities, prepaid expenses, advances paid and certain other receivables) amounting to ₹ 98,22,879/- and ₹ 1;27,89,829/- as of March 31, 2019 and March 31, 2018, respectively, are not included.

Other liabilities that are not financial liabilities (such as statutory dues payable, deferred revenue, advances from customers and certain other accruals) amounting to ₹ 36,57,805/- and ₹ 1;33,51,735/- as of March 31, 2019 and March 31, 2018 respectively, are not included.

Note: The fair value for financial instruments such as trade receivables, cash and cash equivalents, trade payables etc have not been disclosed because the carrrying values approximate the fair value.

B. Financial risk management

The Group has exposure to the following risks arising from financial instruments.

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Financial instruments – Fair values and risk management Credit Risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances.

The carrying amount of following financial assets represents the maximum credit exposure:

At March 31, the maximum exposure to credit risk for trade and other receivables age wise was as follows.

	₹	
	March 31, 2019	March 31, 2018
Neither past due nor impaired	30,428,694	15,158,045
past due 1-90 days	-	-
past due 91 -180 days	-	-
past due 180 days	-	-
Total	30,428,694	15,158,045
Less: Provisions	-	-
Net Total	30,428,694	15,158,045

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At March 31, the maximum exposure to credit risk for short term loans and advances age wise was as follows.

	March 31, 2019	March 31, 2018
	₹	
Neither past due nor impaired	133,500	-
past due 1-90 days	-	-
past due 91 -180 days	-	-
past due 180 days	-	-
Total	133,500	-
Less: Provisions	-	-
Net Total	**133,500**	-

Cash and cash equivalents
The Company holds cash and cash equivalents of ₹ 5,43,517/- as on 31 March 2019 (₹ 1,14,167/- Crore as on 31 March 2018). The cash and cash equivalents are held with the bank and financial institutions, with good credit ratings.

Financial Instruments – Fair values and risk management Liquidity Risk

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity profile of financial liabilities
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

			Contractual cash flows			₹
March 31, 2019	**Carrying amount**	**Total**	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Trade and other payables	53,997,790	53,997,790	53,997,790	-	-	-

			Contractual cash flows			₹
March 31, 2018	**Carrying amount**	**Total**	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Trade and other payables	70,984,635	70,984,635	70,984,635	-	-	-

Financial Instruments – Fair values and risk management Market Risk

Market risk
Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt.

We are exposed to market risk primarily related to interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities.

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Notes To The Financial Statement as at and for the Year Ended March 31, 2019

Note 20 IND AS 115 - Revenue from Contracts with Customers

i. Contract balances

	2018-19 ₹
Contract assets	
Unbilled revenue	
As at April 1, 2018	66,832,000
Add: Addition during the year	5,925,708
	72,757,708
Less: Trasferred to receivable	66,832,000
As at Mar 31, 2019	**5,925,708**

Refer note no 4 - for Trade receivables balances

ii. Remaining performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period are having performance obligations, which are a part of the contracts that has an original expected duration of one year or less.Hence, the company has applied practical expedient as per para 121 of the Ind As 115 in regards to remaining performance obligations.

Note 21 Segment Reporting
The company has only one reportable primary segment - Provision of stringing / re-stringing etc. services for Conductors and cables industries.
The chief operational decision maker monitors the operating results of its primary Segment for the purpose of making decisions about resource allocation and performance assessment.

Note 22 Contingent liabilities and Commitments
There was no contingent liabilties or capital commitments outstanding as on the reporting date.

Note 23 : Figures for previous periods/year have been regrouped, wherever necessary

As per our report of even date attached
SHARP & TANNAN LLP
Chartered Accountants
Firm's Registration
No. 127145W/W100218
by the hand of

Firdosh D Buchia
Partner
Membership No. 038332
Mumbai
21st May 2019

For and on behalf of the Board of Directors

Ashwin H. Shah
Chairman
DIN : 07561552
Vadodara,

Ahmedhussain G Vohra
Director
DIN : 08166808

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