**Jindal International FZE**
**Fujairah Free Zone**
**Fujairah - United Arab Emirates**

**Auditor's report and financial statements**
**For the year ended March 31, 2019**

**Jindal International FZE**
Fujairah Free Zone
Fujairah - United Arab Emirates

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**Jindal International FZE**
Fujairah Free Zone
Fujairah - United Arab Emirates

General information

| | | |
|---|---|---|
| Principal Office Address | : P.O. Box: 50326<br>Fujairah Free Zone<br>Fujairah - United Arab Emirates<br>T: +971 9 2282978<br>F: +971 9 2282979 | |
| Website | : www.jindalsaw.com | |
| The Directors | : Name | Nationality |
| | Mr. Anil Kumar Kejriwal | Indian |
| | Mr. Amit Kumar | Indian |
| The Auditor | : Crowe Mak<br>P.O. Box: 262794<br>Dubai - United Arab Emirates | |
| The Main Bank | : Bank of Baroda | |

Crowe

**Crowe Mak**

Suite 16309, LOB 16
Jebel Ali Free Zone
P.O. Box: 262794, Dubai, UAE

Main +971 4 881 0902
Fax +971 4 881 0906
Mobile +971 50 657 2575

jafza@crowe.ae
www.crowe.ae

Ref: JM/AR/19/12154

**Independent auditor's report**

To,

The Shareholder
**M/s. Jindal International FZE**
Fujairah Free Zone
Fujairah - United Arab Emirates

**Report on the audit of the financial statements**

**Opinion**

We have audited the accompanying financial statements of **M/s. Jindal International FZE**, Fujairah Free Zone, Fujairah - United Arab Emirates (the "Entity") which comprise the statement of financial position as at March 31, 2019 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Entity in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), in compliance with the requirements of applicable laws 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Crowe

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**Independent auditor's report to the shareholder of Jindal International FZE (continued)**

**Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity 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 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.

**Report on other legal and regulatory requirements**

As required by the Rules and Regulations framed pursuant to Emiri Decree no. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree no. 1 for the year 1992, we further confirm that:

1 We have obtained all the information and explanations which we consider necessary for our audit.

2 The financial statements have been prepared and comply, in all material respects, with the provisions of the Rules and Regulations framed pursuant to Emiri Decree no. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree no. 1 for the year 1992 and the Articles of Incorporation of the Entity.

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**Independent auditor's report to the shareholder of Jindal International FZE (continued)**

**Report on other legal and regulatory requirements (continued)**

3 Proper books of accounts have been maintained by the Entity.

4 The Entity has not made any investments in shares and stocks during the year ended March 31, 2019.

5 Note 8 to the financial statements reflects disclosures relating to material related party transactions and the terms under which they were conducted.

6 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the Rules and Regulations framed pursuant to Emiri Decree no. 6 of 1987 issued in Fujairah in respect of the creation of Free Zone, amended by Emiri Decree no. 1 for the year 1992 or the Articles of Incorporation of the Entity, which would materially affect its activities or its financial position as at March 31, 2019.

**For Crowe Mak**

**James Mathew**
**Senior Partner**
**Regn. No. 548**

P.O.Box: 262794
DUBAI -U.A.E.
CROWE MAK

**May 13, 2019**
**Dubai - United Arab Emirates**

**Jindal International FZE**
Fujairah Free Zone
Fujairah - United Arab Emirates

Statement of financial position as at March 31, 2019
(In Arab Emirates Dirham)

| | Notes | 2019 | 2018 |
|---|---|---|---|
| **Assets** | | | |
| *Current assets* | | | |
| Prepayments | 4 | **26,250** | 25,500 |
| Bank balance | 5 | **16,870** | 20,162 |
| *Total current assets* | | **43,120** | 45,662 |
| **Total assets** | | **43,120** | 45,662 |
| **Equity and liabilities** | | | |
| *Equity* | | | |
| Share capital | 6 | **150,000** | 150,000 |
| Accumulated (losses) | 7 | **(196,880)** | (144,338) |
| *Total equity* | | **(46,880)** | 5,662 |
| *Non-current liabilities* | | | |
| Due to a related party | 8 | **85,000** | 35,000 |
| *Total non-current liabilities* | | **85,000** | 35,000 |
| *Current liabilities* | | | |
| Accrued expenses | | **5,000** | 5,000 |
| *Total current liabilities* | | **5,000** | 5,000 |
| **Total liabilities** | | **90,000** | 40,000 |
| **Total equity and liabilities** | | **43,120** | 45,662 |

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

The report of the auditor is set out on pages 2 to 4.

The financial statements on pages 5 to 17 were approved on May 12, 2019 and signed on behalf of the Entity, by:

**Mr. Anil Kumar Kejriwal**
**Director**

Amit Kumar

**Mr. Amit Kumar**
**Director**

**Jindal International FZE**
Fujairah Free Zone
Fujairah - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended March 31, 2019
(In Arab Emirates Dirham)

| | Note | 2019 | 2018 |
|---|---|---|---|
| Administrative expenses | 9 | **(52,542)** | (41,100) |
| **(Loss) for the year** | | **(52,542)** | (41,100) |
| Other comprehensive income | | - | - |
| **Total comprehensive (loss) for the year** | | **(52,542)** | (41,100) |

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

The report of the auditor is set out on pages 2 to 4.

The financial statements on pages 5 to 17 were approved on May 12, 2019 and signed on behalf of the Entity, by:

**Mr. Anil Kumar Kejriwal**
**Director**

**Mr. Amit Kumar**
**Director**

**Jindal International FZE**
Fujairah Free Zone
Fujairah - United Arab Emirates

Statement of changes in equity for the year ended March 31, 2019
(In Arab Emirates Dirham)

| | Share capital | Accumulated (losses) | Total equity |
|---|---|---|---|
| Balance as at March 31, 2017 | 150,000 | (103,238) | 46,762 |
| (Loss) for the year | - | (41,100) | (41,100) |
| Balance as at March 31, 2018 | 150,000 | (144,338) | 5,662 |
| (Loss) for the year | - | (52,542) | (52,542) |
| **Balance as at March 31, 2019** | **150,000** | **(196,880)** | **(46,880)** |

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

The report of the auditor is set out on pages 2 to 4.

**Jindal International FZE**
Fujairah Free Zone
Fujairah - United Arab Emirates

Statement of cash flows for the year ended March 31, 2019
(In Arab Emirates Dirham)

| | 2019 | 2018 |
|---|---|---|
| **Cash flows from operating activities** | | |
| (Loss) for the year | **(52,542)** | (41,100) |
| *(Increase)/decrease in current assets* | | |
| Prepayments | **(750)** | (560) |
| ***Net cash (used in) operating activities*** | **(53,292)** | (41,660) |
| **Cash flows from financing activities** | | |
| Due to a related party | **50,000** | 35,000 |
| ***Net cash from financing activities*** | **50,000** | 35,000 |
| ***Net (decrease) in cash and cash equivalents*** | **(3,292)** | (6,660) |
| Cash and cash equivalents, beginning of the year | **20,162** | 26,822 |
| **Cash and cash equivalents, end of the year** | **16,870** | 20,162 |
| ***Cash and cash equivalents*** | | |
| Cash at bank | **16,870** | 20,162 |

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

The report of the auditor is set out on pages 2 to 4.

## 1 Legal status and business activities

**1.1** **M/s. Jindal International FZE**, Fujairah Free Zone, Fujairah - United Arab Emirates (the "Entity") was registered on July 08, 2015, as a Free Zone Establishment and operates in the United Arab Emirates under a commercial license issued by the Fujairah Free Zone Authority, Government of Fujairah, Fujairah - United Arab Emirates.

**1.2** The Entity is licensed to engage in general trading. However, during the year, the Entity has not commenced any trading activities.

**1.3** The registered address of the Entity is P.O. Box: 50326, Fujairah Free Zone, Fujairah - United Arab Emirates.

**1.4** The management and control are vested with the Director, Mr. Anil Kumar Kejriwal (Indian national).

**1.5** These financial statements incorporate the operating results of the Commercial license no. 3728.

## 2 New standards and amendments

### 2.1 New standards and amendments - applicable January 01, 2018

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 01, 2018.

IFRS 9 Financial Instruments and associated amendments to various other standards.

IFRS 15 Revenue from contracts with customer and associated amendments to various other standards

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

Annual improvements 2014-2016 cycle

Transfers of Investment Property – Amendments to IAS 40

Interpretation 22 Foreign Currency Transactions and Advance Consideration

### 2.2 New standards and amendments issued but not effective for the current annual period.

The following standards and interpretations had been issued were not mandatory for annual reporting periods ending December 31, 2018.

| Description | Effective for annual periods beginning on or after |
|---|---|
| IFRS 16 - Leases | January 1, 2019. Earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. |
| Amendments to IFRS 9 – Prepayment Features with Negative Compensation | January 1, 2019 |
| Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures | January 1, 2019 |
| Annual Improvements to IFRS Standards 2015-2017 Cycle | January 1, 2019 |
| Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement | January 1, 2019 |
| IFRS 17 - Insurance Contracts | January 1, 2021 |

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application.

## 2 New standards and amendments (continued)

### 2.3 Impact of standards adopted in 2018

#### 2.3.1 IFRS 15 Revenue from Contract with Customers

There is no effect of adoption of IFRS 15 on the balance sheet and retained earnings.

#### 2.3.2 IFRS 9 Financial Instruments

The Entity adopted IFRS 9 Financial Instruments from April 01, 2018. The effect of adoption of IFRS 9 on the balance sheet and retained earnings is not material and has been disclosed where applicable in the notes to these financial statements.

### 2.4 Impact of standards issued but not yet applicable

#### 2.4.1 IFRS 16 Leases

IFRS 16 was issued in January 2016 and will supersede IAS 17 Leases. It will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance lease is removed for leases. Under the new standard, both an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases.

The standard is mandatory for financial years commencing on or after January 1, 2019. The Entity has decided not to adopt the standard before its effective date.

The standard will affect primarily the accounting for the Entity's operating lease. At the reporting date, the Entity has no significant non-cancellable operating lease commitments. Also, the Entity, plans to use the recognition exemption for low value leases such as personal computers and to recognize on a straight line basis as an expense in the income statement.

## 3 Significant accounting policies

### 3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the applicable laws. These financial statements are presented in United Arab Emirates Dirham (AED) which is the Entity's functional and presentation currency.

### 3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these financial statements are set out below.

### 3.3 Current/non-current classification

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

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

All other assets are classified as non-current.

## 3 Significant accounting policies (continued)

### 3.3 Current/non-current classification (continued)

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or 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 Entity classifies all other liabilities as non-current.

### 3.4 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

### 3.5 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

### 3.6 Financial assets

Classifications

The Entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI "FVTOCI", or through profit or loss "FVTPL"), and

- those to be measured at amortised cost.

The classification depends on the Entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

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

Financial assets comprise of cash and cash equivalents, receivables and other financial assets.

Cash and cash equivalents

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

Other financial assets

Other financial assets include both debt instrument and equity instruments. Debt instruments include those subsequently carried at amortized cost, those carried at FVTPL and those carried at FVTOCI.

## 3 Significant accounting policies (continued)

### 3.6 Financial assets (continued)

Impairment of financial assets

The Entity assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

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

### 3.7 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include due to a related party.

Due to a related party

Amounts due to a related party is stated at amortised cost.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. 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.

### 3.8 Offsetting financial instruments

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

### 3.9 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 3 Significant accounting policies (continued)

### 3.9 Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 3.10 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

**Critical judgements in applying accounting policies**

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgement that has the most significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting 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 financial assets*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the financial statements.

| | | 2019 | 2018 |
|---|---|---|---|
| **4** | **Prepayments** | | |
| | Prepayments | **26,250** | 25,500 |
| **5** | **Bank balance** | | |
| | Cash at bank | **16,870** | 20,162 |

Management has concluded that the Expected Credit Loss (ECL) for all bank balances is immaterial as these balances are held with banks/financial institutions whose credit risk rating by international rating agencies has been assessed as low.

**6 Share capital**

Authorized, issued and paid up capital of the Entity is AED 150,000 divided into 1,000 shares of AED 150 each fully paid.

The details of the shareholding as at reporting date are as follows:

| Name of shareholder | Nationality | Percentage | No. of shares | 2019 | 2018 |
|---|---|---|---|---|---|
| M/s. Jindal Saw Holdings FZE (Represented by Mr. Anil Kumar Kejriwal, Indian national) | U.A.E. | 100 | 1,000 | **150,000** | 150,000 |

| | | 2019 | 2018 |
|---|---|---|---|
| **7** | **Accumulated (losses)** | | |
| | Balance at the beginning of the year | **(144,338)** | (103,238) |
| | (Loss) for the year | **(52,542)** | (41,100) |
| | Balance at the end of the year | **(196,880)** | (144,338) |
| **8** | **Due to a related party** | | |
| | *Shareholder* | | |
| | M/s. Jindal Saw Holdings FZE, Fujairah Free Zone, Fujairah - U.A.E. | **85,000** | 35,000 |

| | | For the year ended March 31, | |
|---|---|---|---|
| **9** | **Administrative expenses** | **2019** | 2018 |
| | Legal, visa, professional and related expenses | **52,292** | 40,850 |
| | Bank charges | **250** | 250 |
| | | **52,542** | 41,100 |

**10 Financial instruments**

a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3 to the financial statements.

**10 Financial instruments (continued)**

b) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis.*

| | As at March 31, | | As at March 31, | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| *Financial assets* | **Carrying amount** | | **Fair value** | |
| Bank balance | **16,870** | 20,162 | **16,870** | 20,162 |
| *Financial liabilities* | | | | |
| Accrued expenses | **5,000** | 5,000 | **5,000** | 5,000 |
| Due to a related party | **85,000** | 35,000 | **85,000** | 35,000 |
| | **90,000** | 40,000 | **90,000** | 40,000 |

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of bank balance. Financial liabilities consist of due to a related party and accrued expenses.

As at the reporting date, financial assets and financial liabilities approximate their carrying values.

**11 Financial risk management objectives**

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

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

a) *Foreign currency risk management*

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham.

b) *Interest rate risk management*

As at the reporting date, there are no significant interest rate risks as there are no borrowings at year end.

c) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Entity has access to interest free loans from its shareholder at its disposal to further reduce liquidity risk.

## 11 Financial risk management objectives (continued)

c) *Liquidity risk management (continued)*

*Liquidity and interest risk table:*

The table below summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the financial position date based on contractual repayment arrangements were also shown as follows:

| | Interest bearing | | | Non Interest bearing | | | |
|---|---|---|---|---|---|---|---|
| **Particulars** | **On demand or less than 3 months** | **Within 1 year** | **More than 1 year** | **On demand or less than 3 months** | **Within 1 year** | **More than 1 year** | **Total** |
| | | | | **As at March 31, 2019** | | | |
| **Financial assets** | | | | | | | |
| Bank balance | - | - | - | 16,870 | - | - | 16,870 |
| **Financial liabilities** | | | | | | | |
| Accrued expenses | - | - | - | - | 5,000 | - | 5,000 |
| Due to a related party | - | - | - | - | - | 85,000 | 85,000 |
| | - | - | - | - | 5,000 | 85,000 | 90,000 |
| | | | | **As at March 31, 2018** | | | |
| **Financial assets** | | | | | | | |
| Bank balance | - | - | - | 20,162 | - | - | 20,162 |
| **Financial liabilities** | | | | | | | |
| Accrued expenses | - | - | - | - | 5,000 | - | 5,000 |
| Due to a related party | - | - | - | - | - | 35,000 | 35,000 |
| | - | - | - | - | 5,000 | 35,000 | 40,000 |

d) *Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly.

Ongoing credit evaluation is performed on the financial condition of other receivables. Further details of credit risks on other receivables are disclosed in note 4 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

## 12 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

**13 Contingent liabilities**

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's financial statements as of reporting date.

**14 Commitments**

Except for the ongoing business obligations which are under normal course of business, there has been no other known commitment on Entity's financial statements as of reporting date.

**15 Reclassification**

Certain amounts for the previous year were reclassified, to confirm to current year's presentation. However, such reclassifications do not have any impact on the previously reported financial result or equity.