

Tapti Pipes & Products Limited FZE
Hamriyah Free Zone
Sharjah, United Arab Emirates

Independent Auditor's Report and Financial Statement
For the year ended 31 March 2019

MAC & ROSS
CHARTERED ACCOUNTANTS

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Tapti Pipes & Products Limited FZE
Hamriyah Free Zone
Sharjah, United Arab Emirates

Independent auditor's report and Financial Statement
For the year ended 31 March 2019

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Independent auditor's report
To the shareholder of
Tapti Pipes & Products Limited FZE
Hamriyah Free Zone
Sharjah, United Arab Emirates

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Tapti Pipes & Products Limited FZE, Sharjah, United Arab Emirates, which comprise of the statement of financial position as at 31 March 2019, the statement of comprehensive income, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tapti Pipes & Products Limited FZE as of 31 March 2019 and the results of its operation, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

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

Emphasis of matter

Without qualifying our opinion, we draw attention to the following:

- Advances to suppliers (Note 8) and other receivables (Note 9) balances were confirmed by the management. The recovery of advances to suppliers does not look in near future as per confirmation by the management. Hence, it is classified as Non-Current Assets in the Balance Sheet.
- Trade receivables as on 31 March 2019 are confirmed by the management, however, no independent balance confirmation has been received from debtors. The Management believes trade receivables will not be realised in near future. Hence, it is classified as Non-Current assets in the Balance Sheet.

Responsibilities of management and the shareholder for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Memorandum of Association and the provisions of Implementing Procedures issued by the Hamriyah Free Zone Authority pursuant to Emiri Decree No. (6) of 1995, 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.

Responsibilities of management and the shareholder for the financial statements (Cont...)

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 shareholder is 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 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

We are not aware of any contraventions during the year with provisions of Implementing Procedures issued by the Hamriyah Free Zone Authority pursuant to Emiri Decree No. (6) of 1995 or the company's Articles of Association, which may have material effect on the financial position of the company or the result of its operations during the year.

For Mac & Ross Chartered Accountants

Mohammad Hassan Mohammad Hassan Al Shehri
Registration no 640
Dubai, United Arab Emirates
May 16, 2019



TAPTI PIPES & PRODUCTS LIMITED FZE

Hamriyah Free Zone
Sharjah, United Arab Emirates

Statement of Financial Position

As on March 31, 2019

	Notes	31-Mar-2019 USD	31-Mar-2018 USD
ASSETS			
Current Assets			
Cash and bank balances	6	4,178	4,631
Total current assets		4,178	4,631
Non-current assets			
Accounts receivable	7	5,545,675	5,560,675
Advances to suppliers	8	3,505,600	3,505,600
Other receivables	9	950,000	950,000
Total non-current assets		10,001,275	10,016,275
Total assets		<u>10,005,453</u>	<u>10,020,906</u>
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities			
Other current liabilities	10	11,956	13,454
Total current liabilities		11,956	13,454
Total liabilities		<u>11,956</u>	<u>13,454</u>
Shareholders' equity			
Share capital		8,783,462	8,783,462
Retained earnings		(42,016)	(28,061)
Shareholders' current account		1,252,051	1,252,051
Total shareholders' equity		<u>9,993,497</u>	<u>10,007,452</u>
Total liabilities & shareholders' equity		<u>10,005,453</u>	<u>10,020,906</u>

Notes on pages 8 to 20 form an integral part of these financial statements and the auditor's report on pages 1 to 3.

The financial statements on pages 4 to 20 were approved by the shareholders on May 16, 2019.

For Tapti Pipes & Products Limited FZE


Authorised Signatory



TAPTI PIPES & PRODUCTS LIMITED FZE
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Statement of Total Comprehensive Income
For the year ended 31 March 2019

	Notes	01/04/2018 to 31/03/2019 USD	01/04/2017 to 31/03/2018 USD
Sales		-	927,608
Less: Cost of Sales		-	(861,460)
Gross profit		-	66,147
Administrative & general expenses			
Less: Administrative expenses	11	(13,955)	(49,044)
Operating profit/(loss)		(13,955)	17,103
Net profit/(loss) for the year		(13,955)	17,103

(No "Other comprehensive income" during the year)

Notes on pages 8 to 20 form an integral part of these financial statements and the auditor's report on pages 1 to 3.

For Tapti Pipes & Products Limited FZE


Authorised Signatory



TAPTI PIPES & PRODUCTS LIMITED FZE

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Statement of changes in Equity

For the year ended 31 March 2019

	Share Capital	Retained Earnings	Shareholders ' current Account	Total
	USD	USD	USD	USD
Opening balance as on April 1, 2017	8,783,462	(45,164)	1,252,051	9,990,349
Net profit for the year	-	17,103	-	17,103
Closing balance as on March 31, 2018	8,783,462	(28,061)	1,252,051	10,007,452
Net loss for the year	-	(13,955)	-	(13,955)
Closing balance as on March 31, 2019	8,783,462	(42,016)	1,252,051	9,993,497

Note:

Notes on pages 8 to 20 form an integral part of these financial statements and the auditor's report on pages 1 to 3.

For Tapti Pipes & Products Limited FZE


Authorised Signatory



TAPTI PIPES & PRODUCTS LIMITED FZE

**Hamriyah Free Zone
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**Statement of Cash Flows
For the year ended 31 March 2019**

	31-Mar-2019 USD	31-Mar-2018 USD
Cash flow from operating activities:		
Net profit/(loss) for the year	(13,955)	17,103
Operating cash flow before working capital changes	(13,955)	17,103
(Increase)/Decrease in accounts receivable	15,000	(31,103)
Increase/(Decrease) in other current liabilities	(1,498)	12,093
Net cash (used in/from) operating activities	(453)	(1,907)
Net movement in cash and cash equivalents	(453)	(1,907)
Cash and cash equivalents at the beginning of the year	4,631	6,538
Cash and cash equivalents at the end of the year	4,178	4,631
Cash and cash equivalents		
Cash in hand and at bank	4,178	4,631
Cash and cash equivalents at the end of the year	4,178	4,631

Notes on pages 8 to 20 form an integral part of these financial statements and the auditor's report on pages 1 to 3.

For Tapti Pipes & Products Limited FZE

Authorised Signatory



TAPTI PIPES & PRODUCTS LIMITED FZE
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Notes to the financial statements

For the year ended 31 March 2019

Notes

1 Organisation status and activities

Tapti Pipes & Products Limited FZE is a limited liability establishment, registered in Hamriyah Free Zone as a free zone establishment with status (FZE) under Commercial License No 7599 incorporated on March 13, 2011, issued by Hamriyah Free Zone Authority, Sharjah, U.A.E. The registered office of the establishment is ELOB Office No. E2-113F-43, P.O.Box 49509, Hamriyah Free Zone, Sharjah, United Arab Emirates.

The capital of the establishment is AED 32,235,000/- (USD 8,783,462) divided into 32,235 shares of AED 1,000/- each fully paid. The shares were held on balance sheet date by the following as mentioned against its name.

SN	Name of the shareholder	No. of shares	Amount AED	%
1	Texmo Pipes & Products Limited, Incorporated in India	32,235	32,235,000	100%
	Total	32,235	32,235,000	100%

The establishment is engaged in the business of General Trading.

The management and control are vested with Mr. Sanjay Kumar.

These financial statements are related to the period commencing from April 01, 2018 to March 31, 2019.

2 Basis of preparation of financial statements

These financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard board and which are effective for the accounting periods beginning on or after 1 April 2018. These are presented in the currency of the USD (United States Dollar) which is the functional currency of the company.

The presentation of financial statements in compliance with the IFRS requires the determination and consistent application of accounting policies to transactions and events. The principal accounting policies of the group are set out in Note 4.

In some cases applying the company's accounting policies require the use of estimates and other judgments. The judgments that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are set out in note 5 (ii).

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Notes to the financial statements

For the year ended 31 March 2019

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3 Standards and interpretations effective or non-effective for the current year

3.i Adoption of new International Financial Reporting Standards

The International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the entity are as follows:

IFRS 9: Financial instruments: (1 January 2018)

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements.

Classification and measurement:

On the date of initial application of IFRS 9, i.e. 1 April 2018, the entity's management has assessed which business models apply to the financial assets held by the entity and has classified its financial instruments into the appropriate IFRS 9 categories. Management has concluded that there is no material reclassification of financial assets other than disclosed in this financial statement. Furthermore, the adoption of IFRS 9 did not result in any change in classification or measurement of financial liabilities.

Impairment of financial assets:

Financial assets which may be subject to IFRS 9's new expected credit loss model include below mentioned :

- i. Trade and other receivables
- ii. Contract assets (i.e Amount due from customers for contract work and retentions)
- iii. Due from related parties
- iv. Other current financial assets
- v. Cash & cash equivalent

For trade receivables, the entity has applied simplified approach permitted by IFRS 9. Further, simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

IFRS 15: Revenue from Contracts with Customers (1 January 2018)

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in scope of other standards. The new standard established a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange of transferring goods or services to customers.

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Notes to the financial statements

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3 Standards and interpretations effective or non-effective for the current year (Cont...)

3.i Adoption of new International Financial Reporting Standards (Cont...)

IFRS 15: Revenue from Contracts with Customers (1 January 2018)

The standard requires the entity 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 contract and the costs directly related to fulfilling a contract.

3.ii New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

IFRS 16: Leases (1 January 2019)

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases – Initiatives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Under this revised guidance, leases will be brought onto the lessee's statement of financial position, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for lease classification test.

The standard however, does not require an entity to recognise assets and liabilities for a) Short- term leases (for a period of twelve months or less) and b) Leases of low value assets.

IFRS 17: Insurance Contracts (1 January 2021)

IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005, providing a comprehensive model for insurance contracts. It applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features with a few scope exceptions.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture. The IASB postponed the effective date of this amendment indefinitely.

Amendments to IAS 28: Long-term interests in associates and joint ventures (1 January 2019)

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Notes to the financial statements

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3 Standards and interpretations effective or non-effective for the current year
(Cont...)

3.ii New and revised IFRSs in issue but not yet effective (Cont...)

IAS 19: Employee Benefits (1 January 2019)

IAS 19 has introduced some changes in the assumptions to be used for recording the employees benefits cost. The changes are added by Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) in February 2018. Updated actuarial assumptions must be used to determine the current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement when an entity remeasures its net defined benefit liability (asset)

Annual Improvements 2015–2017 Cycle (1 January 2019)

Amendments to IAS 12 : Uncertainty over Income Tax Treatments issued

Amendments to IAS 23 : Borrowing Cost

Amendments to IFRS 3 and IFRS 11 : Business Combinations and Joint Arrangements

4 Significant accounting policies

4.1 **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 at another entity.

Initial recognition and measurement of Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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 entity commits to purchase or sell the asset.

Subsequent measurement

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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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4 Significant accounting policies (Cont...)

4.1 *Financial instruments(Cont...)*

For trade receivables, the entity applies a simplified approach in calculating ECLs. Therefore, the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The entity 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition

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 consolidated statement of profit or loss.

4.2 *Cash and cash equivalents*

Cash and cash equivalents for the purpose of the statement of cash flows comprises of cash on hand, balances with bank and deposits with banks which have a maturity period of three months or less from the date of deposit (net of temporary bank overdrafts).

4.3 *Trade receivables*

Trade receivables are stated at their nominal value. When a trade receivable is uncollectible, it is written off against the provision for expected credit losses. Subsequent recoveries of amounts previously written off are shown as other income in the statement of comprehensive income.

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Notes to the financial statements

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4 Significant accounting policies (Cont...)

4.4 Inventories

Raw materials and consumables are stated at cost using the First in First out method of inventory valuation. Cost comprises invoice value plus applicable landing less discounts. Finished goods are stated at the lower of cost and net realisable value using the First in First out method. Cost of finished goods comprises of raw material and consumables costs and attributable labour and factory overheads. Net realisable value comprises selling price less estimated cost of completion and disposal.

4.5 Property, Plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment, if any. The cost comprise of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition.

4.6 Impairment

Property, plant and equipment are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income.

4.7 Trade payables

Trade payables are stated at their nominal value.

4.8 Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reasonable estimated.

4.9 Employees' terminal benefits

Provision for end of service benefits payable in accordance with the UAE Labour Law have been provided as of the date of balance sheet.

4.10 Revenue recognition

IFRS 15 Revenue from Contracts with Customers

The entity adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The entity elected to apply the standard to all contracts as at 1 April 2018.

The adoption of IFRS 15 does not have a significant impact on the valuation or timing of revenue recognition of the entity. Hence, no adjustment to the opening retained earnings as at 1 April 2018 is required and therefore, comparative information was not required to be restated and continued to be reported under IAS 18 and related interpretations.

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Notes to the financial statements

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4 Significant accounting policies (Cont...)

4.10 Revenue recognition (Cont...)

The entity satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met :-

The customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;

The entity's performance creates or enhances an asset that the customer controls as the asset is created; or

The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

When an entity does not satisfy its performance obligation over time, it satisfies it at a point in time.

Revenue is recognised at point in time when the entity transfers risk, rewards and control over a product to a Customer.

The entity recognises revenue based on the following 5 Steps:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contracts

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

4.11 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the entity is classified as a finance lease.

A leased right of use asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

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Notes to the financial statements

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4 Significant accounting policies (Cont...)

4.12 Foreign currency

Foreign currency transactions are accounted in Arab Emirates Dirhams at actual rate at which the amounts were converted on the transaction date during the year.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

5 Accounting Policies

5.1 Changes in Accounting policies

New and amended standards and interpretations effective for annual period beginning on or after 1 April 2018

The entity applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the entity. The entity has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 9

The entity has applied IFRS 9 prospectively, with the initial application date of 1 April 2018 and has not restated the comparative information, which continues to be reported under IAS 39.

IFRS 9 requires the entity to measure and recognise expected credit losses on all applicable financial assets and contract assets arising from IFRS 15 'Revenue from Contracts with Customers' e.g. trade receivables, contract assets, and bank balances, either on a 12-month or lifetime expected loss basis. The entity applied the simplified approach and record lifetime expected losses on trade receivables and bank balances.

IFRS 15

The application of the revenue recognition policy in accordance with IFRS 15 requires Management to make judgements for each of the five steps in the five step model of IFRS 15. The entity is required to assess when in time the performance obligation is satisfied. The entity is required to assess the transaction prices, whether fixed or variable of each of the contracts. Further, the entity has to make assessment when the control over the asset is transferred to the customer even when the performance obligation is satisfied. When determining the transaction price, the entity needs to determine the allocation of transaction price to each performance obligation. Also estimates needs to be made for the total cost to complete the contract to determine the revenue allocation.

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Notes to the financial statements

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5.ii Significant judgments employed in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is:

Impairment

At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

IFRS 15 Revenue from contract with customers

The application of revenue recognition policy in accordance with IFRS 15 requires management to make the following judgements :

Identification of performance obligations

The entity determined that the sale of goods or services is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods or services being sold or provided.

Satisfaction of performance obligation.

The entity concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has transferred to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Determination of transaction prices

The entity is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgement the entity assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

5.iii Key sources of estimation uncertainty

Key assumptions made 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 as follows:

Impairment

Assessments of net recoverable amounts of all financial assets other than loans and receivables are based on assumptions regarding future cash flows expected to be received from the related assets.

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Notes to the financial statements

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5.iii Key sources of estimation uncertainty (Cont...)

Provision for expected credit losses of trade receivables

The entity uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for Companies of various customer segments that have similar loss patterns. The provision matrix is initially based on the entity's historical observed default rates. The entity will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Staff end of service gratuity

The entity computes the provision for the liability to staff end-of-service gratuity stated, assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

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Notes to the financial statements
For the year ended 31 March 2019
Notes

	31-Mar-2019 USD	31-Mar-2018 USD
6 Cash and bank balances		
Cash in hand	2,976	2,612
Balances with banks	1,202	2,019
	<u>4,178</u>	<u>4,631</u>
7 Accounts receivable		
Trade receivables	5,545,675	5,560,675
	<u>5,545,675</u>	<u>5,560,675</u>
Trade receivables as on 31 March 2019 are confirmed by the management, however, no independent balance confirmation has been received from debtors.		
The Management believes trade receivables will not be realised in near future. Hence, it is classified as Non-Current assets in the Balance Sheet.		
8 Advances to suppliers		
Advances to suppliers	3,505,600	3,505,600
	<u>3,505,600</u>	<u>3,505,600</u>
Advance to suppliers as on 31-Mar-2019 are confirmed by the management, however, no independent balance confirmation has been received from the suppliers.		
The Management believes advance to suppliers will not be realised in near future. Hence, it is classified as Non-Current assets in the Balance Sheet.		
9 Other Non-current assets		
Other receivables	950,000	950,000
	<u>950,000</u>	<u>950,000</u>
Other receivables are confirmed by the management, however, no independent balance confirmation has been received from the party. Though recovery of receivables seems to be very slow, management is hopeful to recover it, hence no provision has been made during the year.		
10 Other current liabilities		
Provision, accrued expenses and payables	11,956	13,454
	<u>11,956</u>	<u>13,454</u>

TAPTI PIPES & PRODUCTS LIMITED FZE
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Notes to the financial statements
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	31-Mar-2019	31-Mar-2018
	<u>USD</u>	<u>USD</u>
11 Administrative expenses		
License, lease & other government fees	10,594	10,594
Legal and professional fees	1,362	2,860
Other administrative expenses	1,999	35,590
	<u>13,955</u>	<u>49,044</u>

12 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there have been no other known contingent liabilities or capital commitments on company's account as of balance sheet date.

13 Financial instruments

The company's financial instruments comprises of cash and bank balances, trade receivables, prepayments, trade payables and post-dated cheques issued. The fair values of the financial instruments approximate their carrying values.

14 Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the company's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values, which due to their terms, has fair value lower than the carrying value.

15 Risk management

Credit risk

Financial assets which potentially expose the company to concentration of credit risk comprise principally bank accounts, trade receivables, and other receivables. The company's bank accounts are with regulated financial institutions.

Currency risk

No significant exchange rate risks expected as substantially all financial liabilities are denominated in US Dollar. The rate of conversion between Arab Emirates Dirham and United States Dollar is fixed.

Interest rate risk

The company does not have any interest rate risk bearing financial assets and financial liabilities.

TAPTI PIPES & PRODUCTS LIMITED FZE
Hamriyah Free Zone
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Notes to the financial statements

For the year ended 31 March 2019

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16 Events after the end of the reporting period

No events or transactions have occurred since balance sheet date are pending, the prospects of which would have a material effect upon the financial statements of the company as at that date or for the reporting period.

17 Previous year figures

Previous year figures are regrouped/reclassified wherever necessary to conform to the current year presentation as it is considered that the revised grouping/classification more fairly presents the state of affairs/results of operations.

18 Rounding off

The figures in the financial statements and accompanying notes have been rounded off to the nearest USD.

For Tapti Pipes & Products Limited FZE


Authorised Signatory

