KRBL DMCC Group
Dubai - United Arab Emirates

Annual Report & Financial Statements

For the year ended March 31, 2019

Private & Confidential

KRBL DMCC Group
Dubai - United Arab Emirates
Annual Report & Financial Statements for the year ended March 31, 2019
Table of contents

The Entity

Principal office address	:	Unit No AG-06-K AG Tower Plot No: JLT PH1-I1A Jumeirah Lake Towers Dubai – U.A.E.		
The Shareholders		Name	Equity Shareholding	Nationality
		M/S KRBL Limited	100%	Indian Co.
The Manager	:	Name		Nationality
		Mr. Anoop Kumar Gupta		Indian
The Auditor	:	M Al Ali Auditing P O Box . 171492 Dubai, United Arab Emirates		
The Main Bank	:	Bank of Baroda		

KRBL DMCC Group

Dubai - United Arab Emirates

Directors Report

The Directors have pleasure in presenting their report and the audited financial statements for the year ended March 31, 2019.

Principal activities of the Entity :

The principal activities of the entity consist of Grains Cereals & Legumes Trading and Foodstuff & Beverages Trading and company also provide other services.

Financial review:

The table below summarized results of 2019 and 2018.	**2019**	2018
	AED	AED
Revenue	**4,83,863**	3,33,357
Direct cost	**(3,41,315)**	(4,07,965)
Gross profit/(loss)	**1,42,548**	(74,608)
Gross profit/(loss) margin	**-**	-22.38%
Other Income	**19,10,156**	21,27,377
Net (loss) for the year	**(1,44,133)**	(9,33,414)

Role of the Directors:

The Directors are the Entity's principal decision-making forum. Directors have the overall responsibility for leading and supervising the Entity and is accountable to shareholders for delivering sustainable shareholder value through their guidance and supervision of the Entity's business. The Directors sets the strategies and policies of the Entity. They monitor performance of the Entity's business, guides and supervises its management.

Risk management and internal control systems:

The Entity is committed to the ongoing process of identifying risk factors, analysing the risks, and deciding upon measures of risk handling and risk control, with a view to achieving sustainability of business operations, employment and surpluses. The Entity's risk management framework identifies, assesses, manages and reports risks on a consistent and reliable basis. The Directors consider primary risk areas to be: credit risk, interest rate risk, foreign exchange and liquidity risk.

The Directors recognised their responsibilities to ensure the existence of the system of internal control and for reviewing its continued effectiveness. In view of the above, the management has in place a management information system that facilitates financial and other information being yearly reported on a transparent basis to the management and that in turn helps in initiating action to mitigate risks to the extent feasible.

Going concern:

The attached financial statements have been prepared on a going concern basis. While preparing the financial statements the management has made an assessment of the Entity's ability to continue as a going concern. The management has not come across any evidence that causes the management to believe that material uncertainties related to the events or conditions existed, which may cast significant doubt on the Entity's ability to continue as a going concern.

Events after year end:

In the opinion of the Directors, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

Independent Auditors:

M/s. M AL ALI AUDITING, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors responsibilities:

The applicable requirements, requires the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

Acknowledgements

The Directors wishes to place on record their sincere gratitude for the continuous support extended by various government departments, banks, customers, suppliers, employees and all well wishers.

Sd/-

Director
KRBL DMCC Group
Dated: May 13, 2019

Sd/-

Director
KRBL DMCC Group

Independent Auditor's Report

To
The Shareholder's
KRBL DMCC Group
Dubai Multi Commodities Centre
Dubai - United Arab Emirates

Opinion

We have audited the accompanying financial statements of the **KRBL DMCC Group**.which comprise the statement of financial position as at March 31, 2019 and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements including a significant accounting policies for the year ended March 31, 2019.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019, its financial performance 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 Statement section of our report.

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

Independence

We are independent of **KRBL DMCC Group**. in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal controls 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 Company 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.

Independent Auditor's Report (Continued)

Auditors' responsibilities for the audit of the financial statements

The objectives of our audit 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 expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of Audit in accordance with the ISA's, we exercise professional judgement and maintain professional skeptics throughout the audit. We also:

1. 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.

2. 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 Entity's internal control.

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

4. 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 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 consolidated 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 Entity to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents 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.

Independent Auditor's Report (Continued)

Report on other legal and regulatory requirements

As required by the provisions of the DMCC Entity Regulation No. 1/3 issued in 2003, we further confirm that,

1. We have obtained all the information and explanations necessary for our audit;

2. We are not aware of any contraventions during the year of the above mentioned law or the Entity's Articles of Association; which may have material effect on the financial position of the Entity or the result of its operations for the year.

For M AL ALI AUDITING
Sd/-
Dubai, United Arab Emirates
May 13, 2019

KRBL DMCC Group
Dubai - United Arab Emirates
Statement of financial position as at March 31, 2019
(In Arab Emirates Dirham)

	Notes	2019	2018
Assets			
Non-current assets			
Property, plant and equipment	5	**1,66,972**	2,08,715
Investment property	6	**44,07,569**	44,07,569
Intangible assets	7	**92,668**	92,868
Total non current assets		**46,67,209**	47,09,152
Current assets			
Due from related parties	8	**82,575**	-
Inventories	9	**2,85,786**	6,27,101
Trade receivables	10	**405**	405
Advances, deposits and other receivables	11	**6,27,305**	5,13,345
Cash and bank balances	12	**5,76,275**	4,11,058
Total current assets		**15,72,346**	15,51,909
Total assets		**62,39,555**	62,61,061
Equity and liabilities			
Equity			
Share capital	13	**18,00,000**	18,00,000
Retained earnings	14	**42,73,446**	44,17,475
Total equity		**60,73,446**	62,17,475
Total shareholders' fund		**60,73,446**	62,17,475
Current liabilities			
Due to related parties	8	**-**	12,845
Trade and other payable	15	**1,66,109**	30,741
Total current liabilities		**1,66,109**	43,586
Total liabilities		**1,66,109**	43,586
Total shareholders' equity and liabilities		**62,39,555**	62,61,061

The accompanying notes form an integral part of these financial statements.
for and on behalf of the Board of Directors:

Sd/-
KRBL DMCC Group
Dated: May 13, 2019

Sd/-
KRBL DMCC Group

KRBL DMCC Group

Dubai - United Arab Emirates

Statement of comprehensive income for the year ended March 31, 2019

(In Arab Emirates Dirham)

	Notes	**2019**	2018
Revenue	16	**4,83,863**	3,33,357
Direct cost	17	**(3,41,315)**	(4,07,965)
Gross profit		**1,42,548**	(74,608)
Other income	18	**19,10,156**	21,27,377
Selling and distribution expenses	19	**(79,170)**	(4,59,064)
Administrative & general expenses	20	**(21,17,667)**	(25,27,119)
(Loss) for the year		**(1,44,133)**	(9,33,414)
Other comprehensive income		**-**	-
Total comprehensive (loss) for the year		**(1,44,133)**	(9,33,414)

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

for and on behalf of the Board of Directors:

Sd/-
KRBL DMCC Group
Dated: May 13, 2019

Sd/-
KRBL DMCC Group

KRBL DMCC Group

Dubai - United Arab Emirates

Statement of changes in shareholders' equity for the year ended March 31, 2019

(In Arab Emirates Dirham)

	Share capital	Retained earnings	Total equity
As at March 31, 2017	18,00,000	197,98,173	215,98,173
Comprehensive (loss) for the period	-	(9,33,414)	(9,33,414)
Interim dividend	-	(144,00,000)	(144,00,000)
Transferred from retained earning	-	(47,284)	(47,284)
As at March 31, 2018	18,00,000	44,17,475	62,17,475
Comprehensive (loss) for the year	-	(1,44,133)	(1,44,133)
Foreign exchange translation reserve	-	104	104
As at March 31, 2019	**18,00,000**	**42,73,446**	**60,73,446**

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

KRBL DMCC Group

Dubai - 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		
Net (loss) for the year	**(1,44,133)**	(9,33,414)
Adjustments for:		
Depreciation on property, plant and equipment	**41,743**	52,307
	(1,02,390)	(8,81,107)
(Decrease) / increase in current assets		
Inventories	**3,41,315**	1,22,135
Advances, deposits and other receivables	**(1,13,960)**	155,60,964
Due from related parties	**(82,575)**	(5,65,731)
Increase / (decrease) in current liabilities		
Trade and other payable	**1,35,368**	25,841
Due to related parties	**(12,845)**	-
Cash from operations	**1,64,913**	142,62,102
Interim dividend	**-**	(144,00,000)
Net cash (used in)/from operating activities	**1,64,913**	(1,37,898)
Cash flows from investing activities		
Investment property	**-**	(2,03,375)
Acquisition of property, plant and equipment	**-**	(1,03,533)
Intangible assets	**200**	-
Net cash from/(used in) investing activities	**200**	(3,06,908)
Cash flows from financing activities		
Foreign exchange translation reserve	**104**	(47,284)
Net cash from/(used in) financing activities	**104**	(47,284)
Net increase/(decrease) in cash and cash equivalents	**1,65,217**	(4,92,090)
Cash and cash equivalents, beginning of the year	**4,11,058**	9,03,148
Cash and cash equivalents, end of the year	**5,76,275**	4,11,058
Represented by:		
Cash at bank	**5,76,275**	4,11,058
	5,76,275	4,11,058

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

1 Legal status and business activities

1.1 **KRBL DMCC, Dubai** – United Arab Emirates (the "Entity") was registered on October 08, 2006 as DMCC Company and operates in the United Arab Emirates under a trade license issued by the Dubai Multi Commodities Centre, Dubai, U.A.E. & **KRBL LLC** (the "Entity") was formed on October 29, 2008 as Limited Liability Company and operates in the Secretary of State, Delaware **-** United State of America.

1.2 The principal activities of the entity consist of Grains Cereals & Legumes Trading and Foodstuff & Beverages Trading and company also provide other services.

1.3 The registered office of the Entity is located at Unit No. AG-06-K. AG Tower Plot No: JLT PH1- I1A, Jumeirah Lake Tower, Dubai, United Arab Emirates.

1.4 The management is vested with the key managerial personnal & control is vested with KRBL Limited.

1.5 These financial statements incorporate the operating results of the trade license no. DMCC-30637

2 Basis of preparation

2.1 Statement of Compliance

These Financial statements have been prepared in accordance with the International Financial Reporting Standards issued by International Accounting Standards Board(IASB) and applicable requirements of UAE.

2.2 Functional & Presentation Currency

The financial statements are presented in United Arab Emirates Dirham(AED) which is also the functional currency of the Company. All financial information is presented in AED has been rounded off to the nearest Dirham.

2.3 Basis of Measurement and Accounting & Coverage

The financial statements have been prepared on Historical Cost Convention except in respect of those financial instruments, which are presented at their fair values and properly disclosed elsewhere in the report. These financial statements have been prepared under going concern assumption.

The Company follows the accrual basis of accounting, except for the statement of cash flows which is presented on cash basis. Under accrual basis, the transactions and events are recognized as and when they occur and are recorded in financial statements for the period to which they relate to.

The financial statements enclosed covers the year 1st April 2018 to 31st March 2019.

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2017

The following relevant interpretations and amendments to existing were issued by the IASB, which are effective for the accounting period beginning on or after January 1, 2017 and have been adopted by the Entity:

Standard number	Title	Effective Date
IAS 7	Cash flow statements	01-Jan-18

3 Standards, interpretations and amendments to existing standards (continued)

3.1 Standards, interpretations and amendments to existing standards that are effective in 2017 (continued)

At the date of authorization of these financial statements, the following new standards, interpretations and amendments to existing standards have been published but are not yet effective, and have not been adopted early by the Entity.

Standard number	Title	Effective Date
IFRS 9	Financial Instruments - Amendments	January 1, 2018
	Financial Instruments - Amendments	January 1, 2019
IFRS 15	Revenue from Contracts with Customers - New	January 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance contracts	January 1, 2021

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Entity

Management anticipates that all of the relevant pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on the relevant new standards, amendments and interpretations that are not yet effective have been provided below. The entity's managements has yet to assess the impact of these new and revised standards on the entity's financial statements, unless specifically stated.

IFRS 9 Financial Instruments - Amendments (effective for accounting period beginning on or after January 1, 2018

In July 2014, the IASB issued the final version of IFRS 9 'Financial Instruments' which reflects all phases of the financial instruments project and replaces IAS 39 'Financial Instrument: Recognition and Measurement' and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

Classification and measurement

Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment

The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

Hedge accounting

Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

Derecognition

The requirements for derecognition of financial assets and liabilities are carried forward form IAS 39.

3 Standards, interpretations and amendments to existing standards (continued)

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

IFRS 16 Lease- New (effective for accounting period beginning on after January 1, 2019)

IFRS 16 brings most leases on balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and distinction between operating and finance leases is retained.

IFRS 17 Insurance contracts- New (effective for accounting period beginning on after January 1, 2021)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

4 Significant accounting policies:

The following accounting policies have been consistently applied by the management in preparation of the financial statements, except where stated here under:

4.1 Inventories:

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in first out basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.2 Property, plant & Equipment:

Property, plant & Equipment are carried at their cost of acquisition including any incidental expenses related to acquisition or installation, less accumulated depreciation and accumulated impairment loss. Depreciation has been provided on straight line method over the estimated useful lives, as determined by the management.

Gains and losses are determined by comparing proceeds with the asset's carrying amount. These are recognized under 'other income or expense' in the statement of comprehensive income.

4.3 Financial Instruments:

These instruments are accounted as basic financial instrument :

a) Cash & Cash equivalents:

Cash and cash equivalents comprise cash and liquid funds with an original maturity of three months or less which includes balance with bank in current account. Other bank deposits with maturity less than a year are classified as short term bank deposits.

b) Trade Receivables:

Trade receivables are due from customers in ordinary course of business. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Where there is objective evidence of amounts that are not collectible, a provision is made for the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

4 Significant accounting policies (continued)

4.3 Financial Instruments (continued)

c) Trade payables:

Trade payables represents obligations towards venders in ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

d) Other financial assets:

Other financial assets are recognised initially at transaction value and subsequently measured at amortised cost using effective interest method less impairment. However, all other financial assets have a value on realization in the ordinary course of company's business, which is at least equal to the amount at which they are stated in the statement of financial position.

e) Other financial liability

Other financial labilities include borrowings if any, are initially measured at transaction value , net of transaction cost. These are subsequently measured at amortised cost using effective interest method.

Derecognition of financial assets & financial liability

Financial assets are derecognised only when the contractual rights to the cash flows expire or substantially all the risks and rewards of ownership are transferred along with the contractual rights to receive cash flows. Financial liabilities are derecognised only when they are extinguished i.e. when the obligations specified in the contract are discharged or cancelled or expire.

4.4 Borrowing cost:

Borrowing costs, if any, directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs, if any, are recognised in profit or loss in the year in which they are incurred.

4.5 Impairment of non- financial assets:

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill are reviewed at the end of each reporting period for possible reversal of the impairment loss.

4.6 Provisions & Contingencies:

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 recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, 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.

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 recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4 Significant accounting policies (continued)

4.6 Provisions & Contingencies (continued)

Contingent liabilities are not recognized but are disclosed in the notes to financial statements. A disclosure of contingent liability is made when there is a possible obligation or present obligation that may, or may not, require an outflow of resources. When likelihood of outflow is remote, no provision or disclosure is made.

4.7 Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates & similar allowances.

Rendering of goods

Revenue from the sale of goods is recognized when all the below mentioned conditions are satisfied:

a) the Entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) the Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) the amount of revenue can be measured reliably;

d) it is probable that the economic benefits associated with the transaction will flow to the Entity; and

e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.8 Expenditure:

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities. Expenses are presented in the statement of comprehensive income, classified according to the function of expense.

4.9 Foreign currency transaction:

Transaction in foreign currency, if any, are converted into functional currency at prevailing exchange rate on the date such transaction are entered into. Monetary assets and labilities denominated in foreign currencies, if any, are translated into functional currency at the exchange rates prevailing at the reporting date. The resultant foreign exchange gains and losses are recognized in the Comprehensive Income Statement.

Non- monetary assets and liabilities denominated in foreign currencies, if any, which are stated at historical cost or fair value , are translated into functional currency at exchange rate prevailing on the date of determination of fair value respectively. The resultant gains and losses are recognized in the statement of comprehensive income, in the year in which such assets are realized or liabilities are discharged.

4.10 Offsetting of financial assets and liabilities:

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

4.11 Use of Estimates & Judgements

The preparation of financial statements, in conformity with IFRS, requires management to make estimates, judgements and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected & same are mentioned under respective accounting policy note. The following accounting estimates and management judgements have been considered, which are material in nature, in preparation of financial statements.

4 Significant accounting policies (continued)

4.11 Use of Estimates & Judgements (continued)

(a) Useful life of property, plant & equipment:

Company's management estimates the useful life of property, plant & equipment and residual value for calculating depreciation. It reviews the estimated life & residual value on annual basis & future depreciation expense would be adjusted where the management believes that useful life differs from the previous estimates.

(b) Impairment of accounts receivables:

Account receivables are subjected to recoverability test on a periodical basis when collection of full amount is no longer probable. Accounts receivable balances which are individually significant, are verified for ageing, subsequent receipts & balance confirmations. Accounts receivable balances which are individually not material, are assessed collectively & estimated reserve for impairment is created if same is outstanding for beyond normal credit terms & doubtful.

(c) Impairment of inventories:

Inventories are subjected to ageing and impairment test on a periodical basis by management on damaged, obsolete and slow moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

5 Property, plant and equipment

The gross carrying amounts and accumulated depreciations and impairment is shown below:

	Vehicles	Office Equipment	Furniture and fixtures	Total
Cost				
As at March 31, 2017	1,84,000	22,426	32,565	2,38,991
Addition during the year	-	51,237	52,296	1,03,533
As at March 31, 2018	1,84,000	73,663	84,861	3,42,524
Addition during the year	-	-	-	-
As at March 31, 2019	**1,84,000**	**73,663**	**84,861**	**3,42,524**
Accumulated depreciation				
As at March 31, 2017	36,800	13,583	31,119	81,502
Charge for the year	29,440	11,884	10,983	52,307
As at March 31, 2018	66,240	25,467	42,102	1,33,809
Charge for the year	23,552	9,405	8,786	41,743
As at March 31, 2019	**89,792**	**34,872**	**50,888**	**1,75,552**
Carrying value as at March 31, 2019	**94,208**	**38,791**	**33,973**	**1,66,972**
Carrying value as at March 31, 2018	1,17,760	48,196	42,759	2,08,715

		2019	2018
6	**Investment property**		
	Investment in Apartment	**12,50,009**	12,50,009
	Investment in new office K & L	**31,57,560**	31,57,560
		44,07,569	44,07,569
7	**Intangible assets**		
	Goodwill	**92,668**	92,868
		92,668	92,868

8 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions (except revenue related transactions) with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

		2019	2018
a)	**Due to related parties**		
	KRBL LTD	**-**	12,845
		-	12,845
b)	**Due from related parties**		
	KRBL LTD	**82,575**	-
		82,575	-

		2019	2018
9	**Inventories**		
	Finished goods	**2,85,786**	6,27,101
		2,85,786	6,27,101
10	**Trade receivables**		
	Trade receivables	**405**	405
		405	405
	<u>Ageing of receivables</u>		
	Due within 6 months	**405**	405
		405	405

KRBL DMCC Group
Dubai - United Arab Emirates
Notes to the financial statements for the year ended March 31, 2019
(In Arab Emirates Dirham)

		2019	2018
11	**Advances, deposits and other receivables**		
	Deposits	**30,555**	33,105
	Staff loans and advances	**14,622**	4,733
	Other loans & advances	**5,54,400**	4,61,811
	Vat recoverable	**27,728**	13,696
		6,27,305	5,13,345
12	**Cash and bank balances**		
	Cash in hand & at banks	**5,76,275**	4,11,058
		5,76,275	4,11,058

	2019	2018

13 Share capital

Authorised, issued and paid up capital of the Entity is AED 1,800,000 divided into 1800 shares of AED 1,000 each fully paid up and held by the shareholder, M/s KRBL Limited, India, 100% holding company.

14 Retained earnings

	2019	2018
Balance at the beginning of the year	**44,17,475**	197,98,173
Comprehensive (loss)/income for the year	**(1,44,133)**	(9,33,414)
Interim dividend	**-**	(144,00,000)
Foreign exchange translation reserve	**104**	(47,284)
Balance at the end of the year	**42,73,446**	44,17,475

15 Trade and other payable

	2019	2018
Other payables	**1,66,109**	30,741
	1,66,109	30,741

16 Revenue

	2019	2018
Sales	**4,83,863**	3,33,357
	4,83,863	3,33,357

17 Direct cost

	2019	2018
Cost of sales	**3,41,315**	4,07,965
	3,41,315	4,07,965

18 Other income

	2019	2018
Commission income	**14,09,501**	65,584
Interest income	-	11,88,483
Rental income	**1,28,150**	3,22,810
Other income	**3,72,505**	5,50,500
	19,10,156	21,27,377

19 Selling and distribution expenses

	2019	2018
Selling & distribution	**79,170**	68,283
Advertisement & business promotion	**-**	3,63,454
Commission expenses	**-**	27,327
	79,170	4,59,064

	2019	2018
20 Administrative & general expenses		
Salaries and related benefits	**14,88,701**	12,40,190
Printing and stationery	**3,917**	3,044
Travelling and conveyance	**2,24,951**	1,43,218
Legal, visa, professional and related expenses	**1,97,564**	6,65,104
Utilities & Communication	**35,860**	38,089
Depreciation on property, plant and equipment (note 4)	**41,743**	52,307
Insurance	**98,332**	1,07,480
Bank charges	**7,330**	9,291
Vehicle maintenance	**12,880**	19,808
Misc. expenses	**6,389**	2,48,588
	21,17,667	25,27,119

21 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, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

	As at March 31,	
b) *Categories of financial instruments*	**2019**	2018
Financial assets		
Due from related parties	**82,575**	-
Trade receivables	**405**	405
Other receivables	**6,27,305**	5,13,345
Cash and bank balances	**5,76,275**	4,11,058
	12,86,560	9,24,808
Financial liabilities at amortised cost		
Due to related parties	**-**	12,845
Trade and other payable	**1,66,109**	30,741
	1,66,109	43,586

c) *Fair values of financial instruments*

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, trade receivables, investments, due from related parties and certain other assets. Financial liabilities consist of trade payables and accruals, due to related parties, term loans, bank overdrafts and certain other liabilities.

The fair values of financial assets and liabilities are not materially different from their carrying values as at the reporting date.

22 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.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) *Foreign currency risk management*

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in UAE Dirhams and Dirham to USD conversion is pegged.

22 Financial risk management objectives (continued)

b) *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 table below summarises the maturity profile of the Entity's financial assets. The contractual maturities of the financial assets have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity were maintained. The maturity profile of the assets and liabilities at the financial position date based on contractual repayment arrangements were also show on the following table.

Particulars	Interest bearing			Non Interest bearing			Total
	On demand or less than 3	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
	As at March 31, 2019						
Financial assets							
Due from related parties	-	-	-	-	82,575	-	82,575
Trade receivables	-	-	-	-	405	-	405
Other receivables	-	-	-	-	72,905	5,54,400	6,27,305
Cash and bank balances	-	-	-	5,76,275	-	-	5,76,275
	-	-	-	5,76,275	1,55,885	5,54,400	12,86,560
Financial liabilities							
Trade and other payable	-	-	-	1,66,109	-	-	1,66,109
	-	-	-	1,66,109	-	-	1,66,109

Particulars	Interest bearing			Non Interest bearing			Total
	On demand or less than 3	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
	As at March 31, 2018						
Financial assets							
Trade receivables	-	-	-	-	405	-	405
Other receivables	-	-	-	-	51,534	4,61,811	5,13,345
Cash and bank balances	-	-	-	4,11,058	-	-	4,11,058
	-	-	-	4,11,058	51,939	4,61,811	9,24,808
Financial liabilities							
Due to related parties	-	-	-	-	12,845	-	12,845
Trade and other payable	-	-	-	30,741	-	-	30,741
	-	-	-	30,741	12,845	-	43,586

22 Financial risk management objectives (continued)

c) *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 uses its own trading records to rate its existing customers and increase their credits limits. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management regularly and the Entity maintains an allowance for doubtful debts based on expected collectability of all trade receivables.

The Entity does not have significant credit risk exposure to a single counterparty or any group of counter parties having similar characteristics. The Entity defines counterparties as having similar characteristics if they are related entities.

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.

23 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 stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

The capital structure of the Entity consists of cash and cash equivalents and equity comprising issued capital, reserves and retained earnings as disclosed in the financial statements.

24 Comparative amounts

Certain amounts for the prior year were reclassified to conform to current year presentation, however such reclassification do not have a impact on the previously reported profit or equity.