BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

P O Box 4254, Dubai, UAE

FINANCIAL STATEMENTS

Year ended 31 March 2020

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

INDEX

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and Accounts of the Company for the financial year ended 31 March 2020.

ACTIVITIES

The business of the Company is investment holding.

RESULTS

The profit for the year ended is USD 62,990 (previous year profit USD 77,575) which is carried forward to the statement of financial position.

SHAREHOLDER, DIRECTORS AND SECRETARY

The sole shareholder of the Company is Britannia and Associates (Mauritius) Pvt Company Limited.

Directors of the Company are as follows:

1. Mr. Nusli Wadia
2. Mr. Varun Berry
3. Mr. Chandra Kumar Gujadhur

Secretary of the Company is Mr. Vishal Bhimani [previous year Mr. Vishal Bhimani].

AUDITORS

Mahendra Asher & Co., Chartered Accountants, P O Box 4421, Dubai, UAE, have offered themselves for reappointment as Auditors for next year.

For **BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED**

Varun Berry

DIRECTORS

Dubai

Dated: 13 April 2020

MAHENDRA ASHER & CO.
CHARTERED ACCOUNTANTS

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ماهندرا اشـر وشـركـاه
محـاسـبـون قـانـونـيـون

ص.ب: ٤٤٢١، دبـي - ا.ع.م.
تـلـيـفـون: ٩٧١٤-٢٢٢٧٥٨٠
فـاكـس: ٩٧١٤-٢٢٣٣٧١٥
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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

Opinion

We have audited the financial statements of **BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED ("the Company")**, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, 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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in UAE, 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.

Stand Alone Financial Statements

As stated in Note 1.5, these are stand alone financial statements as per IAS 27. Consolidated financial statements will be separately prepared by the Company in due course.

Emphasis of Matter

Subsequent to the end of the reporting period, on account of COVID-19 characterised as pandemic the operations of the subsidiaries of the Company have been disrupted in March / April 2020. In the opinion of the management, this is not likely to impact the standalone revenue, profit/loss and cash flows of the Company for the next financial year ending 31 March 2021. As of the date of this report, the management however is not in a position to quantify the effects on profit/loss or any material adjustments that may be necessary to the carrying amount of assets / liabilities within the next financial year in respect of the subsidiaries. The management of the Company believes it will be in a position to cope up with the financial effects of the COVID-19 pandemic disruptions, and will be able to arrange the funding requirements arising out these uncertainties.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon.

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

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

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 IFRSs, and in compliance with the applicable provisions of the Company's Memorandum and Articles of Association and The Jebel Ali Free Zone Authority Offshore Companies Regulations 2018, 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 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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MEMBER OF THE FORUM OF FIRMS

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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 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.

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

Report on Other Legal and Regulatory Requirements

We also confirm that proper books of accounts been kept by the Company and these financial statements are consistent with the books of accounts and records of the Company. We have obtained all the information and explanations we required for the purpose of our audit. The Company's financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Memorandum and Articles of Association and The Jebel Ali Free Zone Authority Offshore Companies Regulations 2018.

For **MAHENDRA ASHER & CO.**
R N Shetty (Registration No. 77)
Dubai
Dated : 13 April 2020

MAHENDRA ASHER & CO.
P. O. Box 4421
Dubai - U.A.E.
CHARTERED ACCOUNTANTS

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION - AT 31 MARCH 2020

(All figures in USD)

	Notes	2020	2019
ASSETS			
Non-current assets			
Investment in subsidiaires	7	22,283,190	22,283,190
Total non-current assets		22,283,190	22,283,190
Current assets			
Loan receivable	8	11,000,000	11,000,000
Deposit		681	681
Bank balance	9	47,422	47,754
Total current assets		11,048,103	11,048,435
TOTAL ASSETS		33,331,293	33,331,625
EQUITY AND LIABILITIES			
Equity			
Capital		24,825,955	270
Share premium	10	199,730	199,730
Accumulated (loss)		(2,893,911)	(2,956,901)
(Deficit) in equity		22,131,774	(2,756,901)
Liabilities			
Non-current liabilities			
Non-current portion of term loan from Holding Company	11	-	11,051,261
Total non-current liabilities		-	11,051,261

STATEMENT OF FINANCIAL POSITION - AT 31 MARCH 2020 - (CONTINUED)

(All figures in USD)

	Notes	2020	2019
Current liabilities			
Payables	12	199,519	2,445,387
Due to Holding Company	13	11,000,000	22,591,878
Total current liabilities		11,199,519	25,037,265
Total liabilities		11,199,519	36,088,526
TOTAL EQUITY AND LIABILITIES		33,331,293	33,331,625

The attached Notes 1 to 20 form part of these financial statements.

We have approved these financial statements, and confirm that we are responsible for them including the selection of accounting policies and making judgements underlying them. We also confirm that we have made available all accounting records and information for preparing these financial statements.

Directors have authorised the issue of these financial statements on 13 April 2020

For Independent Auditors' Report, see pages 3 – 6

For **BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED**

Van Berg

DIRECTORS

Dubai

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED 31 MARCH 2020

(All figures in USD)

	Notes	2020	2019
Interest income		574,902	641,073
Other operating income	14	-	39,500
Interest expense		(454,935)	(555,165)
Other operating expenses	15	(56,977)	(47,833)
Profit for the year		62,990	77,575
Other comprehensive income		-	-
Total comprehensive profit for the year		62,990	77,575

The attached Notes 1 to 20 form part of these financial statements

For Independent Auditors' Report, see pages 3 – 6

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 MARCH 2020

(All figures in USD)

	Capital	Share premium	Accumulated (loss)	Total
Balance at 31 March 2018	270	199,730	(3,034,476)	(2,834,476)
Profit for the year	-	-	77,575	77,575
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	77,575	77,575
Total transactions with owners	-	-	-	-
Balance at 31 March 2019	270	199,730	(2,956,901)	(2,756,901)
Profit for the year	-	-	62,990	62,990
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	62,990	62,990
Loan/due to holding company converted to Capital *	24,825,685	-	-	24,825,685
Total transactions with owners	24,825,685	-	-	24,825,685
Balance at 31 March 2020	24,825,955	199,730	(2,893,911)	22,131,774

Capital consists of 9,117,332 shares of AED 10 each fully paid.

* During the current year loan and amount due to holding company have been converted to capital vide Board resolution dated 21 October 2019.

The attached Notes 1 to 20 form part of these financial statements

For Independent Auditors' Report, see pages 3 – 6

BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED

STATEMENT OF CASH FLOWS - YEAR ENDED 31 MARCH 2020

(All figures in USD)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		62,990	77,575
Operating profit before working capital changes		62,990	77,575
Decrease in loan receivable		-	2,000,000
(Decrease) in payables *		(63,322)	(107,384)
(Decrease) in due to holding company *		-	(2,000,000)
Net cash (used in) operating activities		(332)	(29,809)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash from/(used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital increase *		-	-
Net cash from financing activities		-	-
Net (decrease) in cash and cash equivalents		(332)	(29,809)
Cash and cash equivalents - beginning of year		47,754	77,563
Cash and cash equivalents - end of year	9	47,422	47,754

*** Non Cash transaction**

Loan/due to holding company converted to capital	24,825,685	-

The attached Notes 1 to 20 form part of these financial statements

For Independent Auditors' Report, see pages 3 – 6

(All figures in USD)

1 REPORTING ENTITY

1.1 **BRITANNIA AND ASSOCIATES (DUBAI) PVT COMPANY LIMITED** ("the Company") is a Limited Liability Company formed under Jebel Ali Free Zone Authority Offshore Companies Regulations 2018 repealed and replace The Jebel Ali Free Zone Authority Offshore Companies Regulations 2003.

1.2 Registered office address of the Company is P O Box 4254, Dubai, UAE.

1.3 The financial statements are presented in US Dollar (USD) which is the functional currency of the Company.

1.4 Amendment of Memorandum and Articles of Association as per Board resolution dated 21 October 2019 The sole shareholder of the Company is Britannia and Associates (Mauritius) Pvt Limited holding 9,117,332 shares of AED 10 each. ("Holding Company") – Also see note in Statement of changes in equity.

Directors of the Company are as follows:

1. Mr. Nusli Wadia
2. Mr. Varun Berry
3. Mr. Chandra Kumar Gujadhur

Secretary of the Company is Mr. Vishal Bhimani.

1.5 The financial statements are prepared as stand alone financial statement as per IAS 27. Consolidated financial statement will be separately prepared by the Company.

2 ACTIVITIES

Business of the Company is investment holding.

3 APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The following new IFRS / amendments to IFRSs issued are mandatorily effective for the current year:

* IFRS 16 Leases (effective from 1 January 2019)

* Amendments to IFRS 9 *re: Prepayment Features with Negative Compensation* (effective 1 January 2019)

* Amendments to IAS 28 *re: Long Term Interests in Associates and Joint Ventures* (effective 1 January 2019)

* Amendments to IAS 19 *re: Plan Amendment, Curtailment and Settlement* (effective 1 January 2019)

* Annual Improvements to IFRS Standards 2015-2017 Cycle (effective 1 January 2019)

* IFRIC 23 Uncertainty Over tax Treatments (effective 1 January 2019)

Changes introduced above are summarised as under:

IFRS 16, 'Leases' provides how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets ("right–of-use asset") and liabilities ("lease liability") for all leases (except for low value lease assets or short term leases of 12 months or less). The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, if any. Short-term and low value leases are expensed either over the lease term or by any other systematic basis.

Lessors continue to classify leases as operating or finance, with IFRS 16's approach being substantially similar to the current version of IAS 17.

Upon adoption of IFRS 16 the Company applied a single recognition and measurement approach for all leases where it is the lessee, except for short-term leases of 12 months or less and leases of low-value assets.

As the Company has short term leases only, there is no impact on the financial statements. For short term leases expensed in the year see Note 13.

Amendments to IFRS 9 *re: Prepayment Features with Negative Compensation*

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Amendments to IAS 28 *re: Long Term Interests in Associates and Joint Ventures*

Clarifies that an entity applies IFRS 9 Financial Instruments to long term interests in associates or joint ventures that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Amendments to IAS 19 *re: Plan Amendment, Curtailment and Settlement*

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

Annual Improvements to IFRS Standards 2015-2017 Cycle relate to:

-IFRS 3 and IFRS 11:

Amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to IFRS 11 clarify that when an entity obtains joint control of business that is a joint operation, the entity does not remeasure previously held interests in that business.

-IAS 12:

Amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

-IAS 23:

Amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate of general borrowings.

IFRIC 23 Uncertainty Over Tax Treatments

The interpretation addresses the determination of taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under IAS 12. It specifically considers:

-whether tax treatments should be considered collectively
-assumptions for taxation authorities' examination
-the determination of taxable profit / (loss), tax bases, unused tax losses, unused tax credits and tax rates
-the effect of changes in facts and circumstances.

4 **APPLICATION OF NEW AND AMENDED IFRSs ISSUED BUT NOT EFFECTIVE FOR THE CURRENT YEAR**

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

* Amendments to IFRS 10 and IAS 28 *re: Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* (effective date deferred indefinitely)

* Amendments to IAS 1 and IAS 8 *re: Definition of Material* (effective 1 January 2020)

* Amendments to IFRS 3 *re: Definition of a Business* (effective 1 January 2020)

* Amendments to References to the Conceptual framework in IFRS Standards (effective 1 January 2020)

Changes introduced above are summarised as under:

IFRS 17, 'Insurance Contracts' is a new standard which provides for the principles of recognition, measurement, presentation and disclosure of insurance contracts. The objective of this Standard is to achieve the goal of a consistent principle based accounting for insurance contracts.

Amendments to IFRS 10 and IAS 28 *re: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* deals with accounting effects and treatment in situations where there is sale or contribution of assets between an investor and its associate or joint venture. Presently application of this amendment is indefinitely postponed.

Amendments to IAS 1 and IAS 8 *re: Definition of Material*

Amendments in Definition in IAS 1 and IAS 8 clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards

Amendments to IFRS 3 *re: Definition of a Business*

Amendments in ***Definition of a Business*** in **IFRS 3** are changes to **Appendix A** *Defined Terms*, the application guidance and the illustrative examples of IFRS 3. They

-clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;

-narrow the definition of business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;

-add guidance and illustrative examples to help entities assess whether substantive process has been acquired;

-remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continue to produce outputs; and

-add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The Conceptual framework for Financial Reporting contains updated definition of an asset and a liability and updated criteria for including assets and liabilities in financial statements. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting

Management anticipates that the application of the other new and amended IFRSs in the future periods are not expected to have material impact on the financial position or performance of the Company.

5 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Except for the preparation of stand alone financial statements as stated in Note 1.5. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and applicable requirements of UAE laws. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set out below.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention.

(b) Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company has control over an entity when (a) it has power over the entity, (b) it is exposed, or has rights, to variable returns from its involvement with the entity and (c) has the ability to use its power to affects its returns. All three criteria must be met for the Company to have control over an entity. Investments are accounted under the cost method as per IAS 27 para 10(a) less impairment losses and income from such investments is accounted when received. As stated in Note 1.6, the accounts of the subsidiary companies are not consolidated in these financial statements, since consolidation is done at the level of parent – Britannia Industries Limited, India (see Notes 1.6), and will also be separately prepared by the Company.

(c) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(d) Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards thereto are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends to settle either on a net basis, or realise the asset and settle the liability simultaneously.

Classification and initial measurement of financial assets

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value plus transaction costs, where applicable.

Financial assets are classified into the following categories:

- amortised cost
- fair value through other comprehensive income (FVTOCI)
- fair value through profit or loss (FVTPL)

The Company decides the classification on initial recognition based on the cash flow characteristics of the financial instruments (viz. solely comprising of payments of interest and principal) and the business model for managing them (viz. collecting contractual cash flows, or selling them, or both).

Subsequent measurement of financial assets

(A) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
-they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
-the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is not material.

The Company's bank balances, loan receivable and deposit fall into this category of financial assets.

(B) ***Financial assets at fair value through other comprehensive income (FVTOCI)***

The Company accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows *and sell,* and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled to profit or loss, upon derecognition of this financial asset.

The Company has the option of irrevocably classifying equity securities not held for trading, upon initial recognition at FVTOCI. However, in the case of derecognition of such equity securities, the profit or loss is not recycled to statement of profit or loss. Dividends can be recognised in profit or loss.

The Company has no financial asset held at FVTOCI.

(C) ***Financial assets at fair value through profit or loss (FVTPL)***

Financial assets that are held with a business model other than '*hold to collect*' or '*hold to collect and sell*' are categorised at fair value through profit or loss. These cover financial assets held for trading, or designated at FVTPL upon initial recognition or mandatorily required to be accounted at FVTPL such as derivatives (other than effective hedging instruments), and financial assets whose contractual cash flows are not solely payments of principal and interest.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Company has no financial asset held at FVTPL.

(D) ***Impairment of financial assets***

(i) *General impairment principles*

The Company considers a range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, future conditions that affect the expected collectability of the future cash flows of the instrument.

The Company recognises loss allowance for expected credit loss on financial assets that are measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, contract assets, loan commitment and financial guarantee contracts.

In applying this forward-looking approach, a distinction is made between:

-financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
-financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for Stage 1 category while 'lifetime expected credit losses' are recognised for the Stage 2 and Stage 3 categories.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate.

IFRS 9 permits a simplified approach of using historical and forward-looking information to recognise loss allowance based on life time expected credit losses in respect of trade receivables and contract receivables which do not have significant financing component and lease receivables.

(ii) *Loan receivable*

This comprises of amount due from related enterprises and records the loss allowance if any as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

(iii) *Refer to Note 17 for information on credit risk and impairment analysis.*

(iv) *Classification and measurement of financial liabilities*

Financial liabilities are initially measured at fair value plus transaction costs, where applicable.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

The Company's financial liabilities include, due to banks and trade and other payables.

There were no financial liabilities classified at FVTPL.

(e) Equity

Capital is classified as equity since it evidences residual interest of the Shareholder after deducting liabilities. Profit distributed is deducted from the equity.

(f) Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets (investment in subsidiaries) are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is recognised in profit or loss.

(g) Revenue recognition

The Company recognises revenue from contracts with customers based on a five step model set out in IFRS 15 as under:

-identify the contracts with a customer
-identify the performance obligations in the contract
-determine the transaction price
-allocate the transaction price to performance obligations in the contract
-recognise revenue when, or as, the entity satisfies a performance obligation (that is when control of the goods or services underlying the particular performance obligation is transferred to the customer)

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

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

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

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the Company (*that is, unbilled or accrued income*). Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to contract liability *(that is, deferred income or advance received).*

Revenue is measured at the fair value of the consideration received/receivable excluding taxes (such as VAT). The Company also assesses if the revenue earned is as principal or agent.

Revenue is recognized in the statement of profit or loss to the extent that it is probable that the economic benefits will flow to the Company and the revenue and related costs can be measured reliably. If the consideration promised in a contract includes a variable amount (because of discounts, rebates, refunds, credits, price concession, incentives, performance bonuses, penalties or similar items) the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer, based either on the most likely amount or probability weighted expected value.

The Company is primarily in the business investment holding and recognises revenue as under:

- Interest income is recognised on effective yield basis.

- Dividend income is recognised when declared/accrued.

(h) Foreign currency transactions

Foreign currency transactions are recorded in USD at the approximate rate of exchange prevailing at the time of the transactions. Foreign currency balances of monetary assets and liabilities are translated to USD at the rate of exchange prevailing at the end of the reporting period. Gains or losses on exchange are recognised in profit or loss.

(i) Value added tax

Expenses and assets are recognised net of value added tax (VAT), except as under:

- If VAT incurred on purchase of assets or services is not recoverable from the Tax Authority, then VAT is recognised as part of the cost of acquisition of asset or as part of the expense item, as applicable

- Receivables and payables, stated in the statement of financial position, are inclusive of VAT.

(j) Current/Non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when the Company (a) expects to realize the asset, or intends to sell or consume it in its normal operating cycle; (b) holds the asset primarily for the purpose of trading or (c) expects to realize the asset within twelve months after the reporting period, or (d) has the asset as cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when the Company (a) expects to settle a liability in its normal operating cycle or (b) holds the liability primarily for the purpose of trading or (c) is due to settle the liability within twelve months after the reporting period, or (d) does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

6 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstances.

Estimates and the 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 revision and future periods if the revision affects both current and future periods.

The management is of the opinion that there are no key sources of estimation uncertainty at the reporting date that have a significant effect on the amounts of assets and liabilities within the next financial year.

	2020	2019
7 **INVESTMENT IN SUBSIDIARIES**		
Balance – beginning/end of the year	22,283,190	22,283,190

Investment made in the following Subsidiary Companies:

Name of the Company	Country of incorporation	Types of shares held	Percentage holding	2020	2019
Al Sallan Food Industries Co. SAOC	Oman	Ordinary	65.46% @	272	272
Strategic Foods International Company LLC	UAE	Ordinary	100.00%	12,553,563	12,553,563
Non Reciprocal Contribution To Strategic Foods International Company LLC +	UAE	-	-	5,449,592	5,449,592
Strategic Brands Holding Co. Ltd.	UAE	Ordinary	100.00%	4,279,763	4,279,763
				22,283,190	22,283,190

The directors have reviewed the financial position and the performance of the above subsidiary companies and they are of the opinion that the estimated recoverable amounts of the investments are not less than their carrying amount.

+ This represents amount provided by the Company in the capacity of shareholder, being non reciprocal capital contribution, free of interest, unsecured and repayable entirely at the discretion of the Subsidiary Company.

@ In addition 28.06% held by Khimji family (the previous shareholders) for beneficial interest of the Company as per Shareholders Agreement dated 10 March 2009, effective from 28 June 2009. Balance 6.48% is held by the public.

Following table summarises the financial information of Al Sallan Food Industries Co. SAOC in their financial statements:

	2020	2019
Summary statement of financial position :		
Non-current assets	5,718,625	4,745,127
Current assets	4,228,090	2,854,160
Total assets	9,946,715	7,599,287
Equity	(5,170,900)	(5,637,599)
Non-current liabilities	8,183,885	552,748
Current liabilities	6,933,730	12,684,138
Total equity and liabilities	9,946,715	7,599,287
Equity attributable:		
- To the Holding Company	(4,835,826)	(5,272,283)
- To the non-controlling interest	(335,074)	(365,316)
Summary statement of profit or loss and other comprehensive income :		
Revenue	23,386,993	22,215,138
Other income	23,635	38,441
Profit/(loss) for the year	466,715	(176,017)
Other comprehensive income	-	-
Total comprehensive income for the year	466,715	(176,017)
Profit/(loss) attributable:		
- To the Holding Company	436,472	(164,611)
- To the non-controlling interest	30,243	(11,406)

Following table summarises the financial information of Strategic Foods International Company LLC in their financial statements:

	2020	2019
Summary statement of financial position :		
Non-current assets	8,635,280	8,314,367
Current assets	17,563,940	16,263,958
Total assets	26,199,220	24,578,325
Equity	8,494,793	7,049,003
Non-current liabilities	1,728,168	842,680
Current liabilities	15,976,262	16,686,642
Total equity and liabilities	26,199,220	24,578,325
Equity attributable:		
- To the Holding Company	8,494,793	7,049,003
- To the non-controlling interest	-	-

Summary statement of profit or loss and other comprehensive income :

	2020	2019
Revenue	50,631,916	50,604,452
Other income	233,653	63,869
Profit/(loss) for the year	1,445,156	(905,983)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	1,445,156	(905,983)
Profit/(loss) attributable:		
- To the Holding Company	1,445,156	(905,983)
- To the non-controlling interest	-	-

Following table summarises the financial information of Strategic Brands Holding Co. Ltd. in their financial statements:

Summary statement of financial position :

Non-current assets	-	-
Current assets	681	681
Total assets	681	681
Equity	681	(5,191)
Non-current liabilities	-	-
Current liabilities	-	5,872
Total equity and liabilities	681	681
Equity attributable:		
- To the Holding Company	681	(5,191)
- To the non-controlling interest	-	-

Summary statement of profit or loss and other comprehensive income :

Revenue	-	-
Other income	5,872	112,115
Profit for the year	5,872	104,806
Other comprehensive income	-	-
Total comprehensive Profit for the year	5,872	104,806
Profit attributable:		
- To the Holding Company	5,872	104,806
- To the non-controlling interest	-	-

	2020	2019
8 **LOAN RECEIVABLE**		
Loan to related enterprises +	11,000,000	11,000,000
Balance – beginning of the year	11,000,000	13,000,000
Less: Repaid during the year	-	(2,000,000)
Balance – end of the year	11,000,000	11,000,000
+ Represents loan due from		
Strategic Foods International Co. LLC, Dubai	5,000,000	5,000,000
Al Sallan Food Industries Co. SAOC, Oman	6,000,000	6,000,000
	11,000,000	11,000,000

+ Interest is accrued on the above @ 4.94% to 5.49% p.a. (previous year 4.80% to 5.49% p.a.)

Other classes within receivables do not include impaired assets.

The maximum amount of credit risk at the end of the reporting period is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

9 **BANK BALANCE**

	2020	2019
Cash at bank – current accounts	47,422	47,754

10 **SHARE PREMIUM**

	2020	2019
Balance – beginning/end of the year	199,730	199,730

In the financial year ended 2007 the Company issued its share capital at a premium of USD 1,997.30 per share.

	2020	2019
11 TERM LOAN FROM HOLDING COMPANY		
Balance – beginning of the year	11,051,261	11,051,261
Less: Converted to capital	(11,051,261)	-
Balance – end of the year	-	11,051,261

During the current year the term loan from holding company was converted to capital vide Board resolution dated 21 October 2019.

For previous year above loan received from the Holding Company was unsecured. The said loan will be payable in 7 years in 14 equal instalments commencing from March 2023 (instead of from March 2018). Interest accrued at 1.07% p.a. (previous year 1.07% p.a.).

Term loan from Holding Company repayable is as under	2020	2019
Current portion of loan maturing within one year	-	-
Non-current portion of loan maturing after one year but within 5 years	-	2,368,127
Non-current portion of loan maturing after 5 years	-	8,683,134
	-	11,051,261

12 PAYABLES

	2020	2019
Due to a related parties *	24,419	330,882
Holding Company current account	152,807	2,092,845
Accrued expenses	22,293	21,660
	199,519	2,445,387

* Represent amount due to/(from) related enterprises:

	2020	2019
Strategic Foods International Co. LLC, Dubai	24,419	460,334
Al Sallan Food Industries Co. SAOC, Oman	-	(129,452)
	24,419	330,882

		2020	2019
13	**DUE TO HOLDING COMPANY**		
	Interest bearing advance +	11,032,083	11,032,083
	Interest bearing advance @	559,795	559,795
	Interest bearing advance @@	11,000,000	11,000,000
	Less: Converted to capital	(11,591,878)	-
		11,000,000	22,591,878

+ This represents unsecured interest accrued at 1.07% (previous year 1.07%). During the current year the due to holding company was converted to capital Board resolution dated 21 October 2019.

@ Unsecured, interest accrued at 3% p.a. (previous year 3% p.a.). During the current year the due to holding company was converted to capital vide Board resolution dated 21 October 2019.

@@ Unsecured, interest accrued at 2.89% to 3.44% p.a. (previous year 2.56% to 3.44% p.a.).

		2020	2019
14	**OTHER OPERATING INCOME**		
	Liabilities no longer payable	-	39,500
15	**OTHER OPERATING EXPENSES**		
	Legal and professional fees	44,409	41,664
	Other expenses	12,568	6,169
		56,977	47,833

16 **TRANSACTIONS WITH RELATED PARTIES**

The Company in the normal course of business carries out transactions with related parties as defined in International Accounting Standard 24. Significant transactions with related parties are as under:

	2020	2019
Holding Company		
Interest expense	454,935	555,165
Subsidiaries		
Interest income	574,902	641,127

Terms of these transactions are approved by the Company's management.

Amounts outstanding (Notes 8, 12 and 13) are unsecured and will be settled in the normal course of business.

17 FINANCIAL INSTRUMENTS-RISK MANAGEMENT

The Company's activities are subject to variety of financial risks: market risk (principally currency risks and interest rate risks), credit risk and liquidity risk. The Company seeks to minimise the potential adverse effects of these risks on the financial performance.

17.1 Market risk

Currency risks

Substantial portion of the transactions are designated in USD and in AED whose rate is fixed to USD; hence, there is no material exchange rate risk.

At the end of the reporting period, since there was no material exposure to currencies other than USD currencies, profit for the year is not materially sensitive to currency risks.

Interest rate risk

For interest received on term loan to subsidiaries, see Note 8. At the end of the reporting period if the interest rate on such assets increased/decreased by 1% with all other variables held constant profit for the year would have been higher/lower by USD 110,000 (previous year profit would have been higher/lower by USD 110,000).

For interest paid on long term loan and other advances from Holding Company, see Notes 13. At the end of the reporting period, if the interest rate on such liabilities is increased/decreased by 1%, with all other variables held constant, profit for the year would have been lower/higher by USD 110,000 (previous year profit would have been lower/higher by USD 226,110).

17.2 Credit risk

Financial assets which potentially subject the Company to concentration of credit risk consist principally of bank balances and receivable from related enterprises. Bank balances are with regulated financial institutions. Amounts due from related enterprises are based in UAE and Oman and are considered recoverable by the management in the ordinary course of business, and hence no impairment provision is considered necessary under expected credit loss.

17.3 Liquidity risks

Liquidity management implies generating adequate cash from operations to meet the Company's liabilities, and availability of funding through committed credit facilities and own sources. The table below analyses the Company's financial liabilities based on the remaining year at the end of the reporting period to the contracted maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	< than 6 months	>6 months and <1 year	>1 year and <5 years	>5 years
At 31 March 2020				
Payables	199,519	-	-	-
Due to Holding Company	5,500,000	5,500,000	-	-
Term loan from Holding Company (see note -11)	-	-	-	-
At 31 March 2019				
Payables	2,445,387	-	-	-
Due to Holding Company	11,295,939	11,295,939	-	-
Term loan from Holding Company	-	-	2,368,127	8,683,134

17.4 Fair values

At the end of the reporting period, the carrying amounts of financial assets and financial liabilities approximated their fair values.

18 CAPITAL RISK MANAGEMENT

The Company's objective is to maintain healthy capital ratios to support its business and provide adequate returns to the owners and other stakeholders.

The Company monitors capital on the basis of gearing ratio. This ratio is calculated as Net debt ÷ Total own funds. Net debt is calculated as total liabilities less bank balance. Total own funds comprise of capital, share premium less accumulated loss.

The gearing ratio at the end of the reporting period were as under (not meaningful in view of deficit in equity):

	2020	2019
Total liabilities	11,199,519	36,088,526
Less: Bank balance	(47,422)	(47,754)
Net debt	11,152,097	36,040,772
Total in equity/(deficit)	22,131,774	(2,756,901)
Gearing ratio	50%	Not meaningful
of the total liabilities, % owed to Holdings Company	99.58%	99.02%

		2020	2019
19	**CONTINGENCIES AND COMMITMENTS**	Nil	Nil

20 **PREVIOUS YEAR'S FIGURES**

Figures of the previous year have been regrouped/reclassified whenever necessary to conform the current year's presentation.

For Independent Auditors' Report, see pages 3 – 6