

KLJ Resources DMCC

United Arab Emirates

**Financial Statements
(Year Ended March 31, 2021)**

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KLJ Resources DMCC

COMPANY INFORMATION

Shareholders

KLJ Resources Limited, India

Directors

Mr. Hemant Jain

Mr. Gaurav Mehta

Manager

Mr. Laxmi Narayan Sunthwal

Principal business

The principal activities of the Company are "Petrochemicals Trading, Raw Materials Trading, Acids & Alkalines Trading, Plastic & Nylon Raw Materials Trading".

Regional office

KLJ Resources DMCC, Malaysia

License number

DMCC - 34149

Business address

PO Box 113405, Unit No: AG-33-L

AG Tower

Plot No: JLT-PH1-I1A

Jumeirah Lakes Towers

Dubai, United Arab Emirates

Bankers

Bank of Baroda

Dubai, United Arab Emirates

ICICI Bank Limited

Dubai, United Arab Emirates

May Bank,

Kuala Lumpur, Malaysia

Auditors

TRC PAMCO Middle East Auditing & Accounting

P O Box 94570, Dubai

Tel: +971- 04- 2298777

Fax: +971- 04- 2999225

Email: info@trcpamco.com

DIRECTOR'S REPORT

The management is pleased to present their report together with audited standalone financial statements of the Company for the year ended March 31, 2021.

Principle activities

The principal activities of the Company are "Petrochemicals Trading, Raw Materials Trading, Acids & Alkalines Trading, Plastic & Nylon Raw Materials Trading".

Business review

For the year, the Company has recorded a revenue of AED 33.75 million as compared to the previous year revenue of AED 4.10 million. The Company had earned a net comprehensive income of AED 3.68 million for the current year as compared to the net comprehensive loss of

Events subsequent to the reporting date

There were no major events which occurred since the year end that materially affect the financial position of the Company.

Auditors

TRC PAMCO Middle East Auditing & Accounting, will retire at the conclusion of the meeting. They have expressed their willingness to continue in office and are eligible for re-appointment.

For KLJ Resources DMCC

Gaurav Mehta
Director
Dubai
April 18, 2021



The Shareholders
KLJ Resources DMCC
United Arab Emirates

Report on the audit of the standalone financial statements of KLJ Resources DMCC for the year ended March 31, 2021

Opinion

We have audited the accompanying standalone financial statements of KLJ Resources DMCC, UAE ("the Company"), which comprises the statement of financial position as at March 31, 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities.

Basis for opinion

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

Responsibilities of 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 IFRSs and their preparation in compliance with the implementing regulations of Dubai Multi Commodities Centre, 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, the management is responsible for assessing the Company's ability to continue as a going concern, 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.



KLJ Resources DMCC

INDEPENDENT AUDITOR'S REPORT

Auditors responsibilities for the audit of the financial statements

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 ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional skepticism through out 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.



KU Resources DMCC

INDEPENDENT AUDITOR'S REPORT

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

Report on other legal and regulatory requirements

We confirm that the financial statements comply with provisions of Implementing Regulation 2020 issued by the Dubai Multi Commodities Centre.

TRC PAMCO ME

TRC PAMCO Middle East Auditing & Accounting
Reg. No: 423
Dubai
April 18, 2021



KLJ Resources DMCC

Statement of standalone financial position as on March 31, 2021

(Figures in AED)

| | Notes | As on Mar. 31, 2021 | As on Mar. 31, 2020 |
|---------------------------------------|-------|------------------------|------------------------|
| ASSETS EMPLOYED | | | |
| Non current assets | | | |
| Property, plant and equipment (Net) | 3 | 4,286,959 | 4,723,592 |
| Investment in subsidiary | 4 | 676,110 | 676,110 |
| Investment in associate | 5 | 3,830,153 | 3,830,153 |
| | | 8,793,221 | 9,229,855 |
| Current assets | | | |
| Trade receivable | 6 | 10,312,371 | 4,414,077 |
| Due from related parties | 7 | - | 11,458,779 |
| Other receivables | 8 | 14,353 | 103,535 |
| Advance, deposits and prepayments | 9 | 2,344,201 | 559,103 |
| Cash and cash equivalents | 10 | 1,617,511 | 1,477,402 |
| | | 14,288,435 | 18,012,896 |
| | | 23,081,657 | 27,242,751 |
| TOTAL ASSETS | | | |
| FUNDS EMPLOYED | | | |
| Shareholders equity | | | |
| Share capital | | 3,670,000 | 3,670,000 |
| Retained earnings | | 16,116,278 | 12,434,018 |
| | | 19,786,278 | 16,104,018 |
| Non current liabilities | | | |
| Employee terminal benefits | | 183,470 | 62,743 |
| Borrowings | 11 | - | 3,780,100 |
| | | 183,470 | 3,842,843 |
| Current liabilities | | | |
| Borrowings | 11 | 3,044,265 | - |
| Trade payable | 12 | 13,853 | 426,650 |
| Accruals and other payable | 13 | 53,791 | 6,869,240 |
| | | 3,111,909 | 7,295,890 |
| | | 23,081,657 | 27,242,751 |
| TOTAL EQUITY & LIABILITIES | | | |

Annexed notes form an integral part of these financial statements.

For KLJ Resources DMCC

Gaurav Mehta
Gaurav Mehta
 Director
 Dubai
 April 18, 2021



KLJ Resources DMCC

Statement of standalone comprehensive income for the year ended March 31, 2021

| | | <i>(Figures in AED)</i> | |
|--------------------|---|-------------------------|--------------------|
| | | Year ended | Year ended |
| Notes | | Mar. 31, 2021 | Mar. 31, 2020 |
| INCOME | | | |
| | Sales | 33,749,563 | 4,096,204 |
| | Less: Cost of goods sold | 14 (28,760,445) | (3,941,727) |
| | Gross income | A 4,989,118 | 154,477 |
| EXPENDITURE | | | |
| | Administrative and general expenses | 15 1,230,368 | 919,202 |
| | Director remuneration | 100,000 | 50,000 |
| | Depreciation | 444,413 | 448,575 |
| | | B 1,774,781 | 1,417,777 |
| | Operational income/(loss) for the year | A-B 3,214,337 | (1,263,301) |
| | Finance cost | (120,715) | (117,551) |
| | Other income | 16 589,826 | 1,111,287 |
| | Exchange gain/(loss) | (1,189) | (12,126) |
| | Net comprehensive income/(loss) for the year | 3,682,259 | (281,691) |

Annexed notes form an integral part of these financial statements.

For KLJ Resources DMCC


Gaurav Mehta
Director
Dubai
April 18, 2021



Statement of standalone cash flow for the year ended March 31, 2021

| | <i>(Figures in AED)</i> | |
|---|-----------------------------|-----------------------------|
| | Year ended Mar. 31, 2021 | Year ended Mar. 31, 2020 |
| I. FROM OPERATING ACTIVITIES | | |
| Net comprehensive income/(loss) for the year | 3,682,259 | (281,691) |
| Adjustments: | | |
| Depreciation | 444,413 | 448,575 |
| Employees terminal benefits | 120,727 | 8,011 |
| Loss on sale of asset | - | 10,488 |
| Operating cash flow before working capital changes | 4,247,399 | 185,383 |
| <i>Working capital changes</i> | | |
| (Increase)/decrease in trade receivables | (5,898,294) | (2,778,940) |
| (Increase)/decrease in due from related parties | 11,458,779 | (3,807,662) |
| (Increase)/decrease in other receivable | 89,182 | (7,670) |
| (Increase)/decrease in advance, deposits and prepayments | (1,785,097) | 4,086,607 |
| Increase/(decrease) in trade payable | (412,796) | 421,193 |
| Increase/(decrease) in accruals and other payable | (6,815,449) | (326,447) |
| Net cash generated from/(used in) operating activities (A) | 883,723 | (2,227,537) |
| II. FROM INVESTING ACTIVITIES | | |
| Purchase of property | (7,779) | - |
| Proceeds from sale of assets | - | 1,200 |
| Net cash (used in)/generated from investing activities (B) | (7,779) | 1,200 |
| III FROM FINANCING ACTIVITIES | | |
| Net proceeds from borrowing | (735,835) | - |
| Net cash generated used in financing activities (C) | (735,835) | - |
| Net (decrease) in cash and cash equivalents (A+B+C) | 140,109 | (2,226,337) |
| Cash and cash equivalents at beginning of the year | 1,477,402 | 3,703,739 |
| Cash and cash equivalents at end of the year | 1,617,511 | 1,477,402 |
| CASH & CASH EQUIVALENTS | | |
| Cash balance | 7,124 | 5,965 |
| Bank balance | 1,610,387 | 1,471,437 |
| Cash and cash equivalents as per cash flow statement | 1,617,511 | 1,477,402 |

Annexed notes form an integral part of these financial statements.

For KUJ Resources DMCC


Gaurav Mehta
Director
Dubai
April 18, 2021



KLJ Resources DMCC

Statement of standalone changes in equity for the year ended March 31, 2021

(Figures in AED)

| | <u>Share capital</u> | <u>Retained earnings</u> | <u>Total</u> |
|---------------------------------------|--------------------------|------------------------------|-------------------|
| Balance as on April 01, 2019 | 3,670,000 | 12,715,710 | 16,385,710 |
| Net comprehensive loss for the year | - | (281,691) | (281,691) |
| Balance as on March 31, 2020 | <u>3,670,000</u> | <u>12,434,018</u> | <u>16,104,018</u> |
| Net comprehensive income for the year | - | 3,682,259 | 3,682,259 |
| Balance as on March 31, 2021 | <u>3,670,000</u> | <u>16,116,278</u> | <u>19,786,278</u> |

Annexed notes form an integral part of these financial statements.

For KLJ Resources DMCC



Gaurav Mehta
Director
Dubai
April 18, 2021



KLJ Resources DMCC

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

These financial statements have been prepared for the year ended March 31, 2021.

1. LEGAL STATUS, ACTIVITIES AND MANAGEMENT

1.1 Legal status

KLJ Resources DMCC ("the Company") was incorporated on May 26, 2014 and registered with Dubai Multi Commodities Centre Authority (DMCCA), Government of Dubai, UAE vide License No. DMCC -34149.

The registered office of the Company is located in the Emirate of Dubai and regional office is located in Malaysia.

As per the Memorandum of Association: the issued, subscribed and paid up capital of the Company as on March 31, 2021 is AED 3,670,000 divided into 3,670 shares of AED 1,000 each and all the shares are held by the M/s KLJ Resources Limited incorporated in India.

| Name of the shareholder | No. of shares | %age of holding | Value (AED) |
|--|----------------------|------------------------|--------------------|
| KLJ Resources Limited, India ("Holding Company") | 3,670 | 100% | 3,670,000 |

1.2 Activities

The principal activities of the Company are "Petrochemicals Trading, Raw Materials Trading, Acids & Alkalines Trading, Plastic & Nylon Raw Materials Trading".

1.3 Management

The day to day activities of the Company are jointly controlled and managed by Mr. Gaurav Mehta, Indian national bearing passport no. Z3068861 and Mr. Laxmi Narayan Sunthwal, Indian national bearing passport no. Z4906536.

1.4 Others

The financial results of the subsidiary Company, M/s. KLJ Resources PTE Ltd. (incorporated in Singapore) and equity accounting of associate Company, M/s KLJ Organic (Thailand) Limited (incorporated in Thailand), are not consolidated in the financial statements of the Company. A separate consolidated financial statements are prepared incorporated the financial results of subsidiary and associate.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

The financial statements are prepared under the historical cost convention.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

2.2 Adoption of new and revised international financial reporting standards (IFRS)

(a) New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in this financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

- i Definition of Material (Amendments to IAS 1 and IAS 8).
- ii Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).
- iii Amendments to References to the Conceptual Framework in IFRS Standards.
- iv Covid-19-Related Rent Concessions (Amendment to IFRS 16).

(b) New and revised IFRSs in issue but not yet effective

New standards and significant amendments to standards applicable to the Company

- i. Amendments to IAS 1- "Classification of Liabilities as Current or Non-Current"- The effective date of the amendment is set for annual periods beginning on or after 1 January 2022.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments is not expected to have any material impact on the financial statements of the Company in the period of their initial application.

2.3 Use of estimates and judgements

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

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

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amount recognized in the financial statements) are discussed in Note 20.

2.4 Revenue recognition

Revenue from the sale of goods are recognized as per the requirement of IFRS 15. Revenue is recognized when the performance obligations are met and control of goods are transferred to the buyer.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

Revenue is recognized at the transaction price mutually agreed between parties. Transaction price is the amount of consideration that an entity expects to be entitled to in exchange for transferring promised goods or services to a customer.

2.5 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

| Asset | Useful life of asset | Depreciation rate |
|------------------------|-----------------------------|--------------------------|
| Computers | 4 years | 25% |
| Furniture and fixtures | 4 years | 25% |
| Office equipment | 4 years | 25% |
| Motor vehicles | 4 years | 25% |
| Property | 15 years | 6.67% |

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

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

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial period end, and adjusted prospectively, if appropriate.

2.6 Investments in a subsidiary

Investment where the Company holds more than 50% of the share capital of the investee Company and/or has the power to govern the financial and operating policies of the investee Company, so as to obtain benefits from its activities, are treated as subsidiary companies.

The investment in subsidiary Company is accounted for at cost less impairment losses, if any.

2.7 Investments in associate

Investment where the Company holds between 20% and 50% of the share capital of the investee Company and has significant influence are treated as associates and accounted for under the cost method of accounting stating the investment initially at cost and adjusted for any impairment in value, if any.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

2.8 Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

2.9 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

2.10 Inventories

Inventories are valued at the lower of cost and net realizable value as required by IAS 2.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Value Added Tax

Value Added Tax (VAT) asset/ liability is recognized in the books on the basis of regulations defined by Federal Tax Authority (FTA).

Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the financial statements.

2.12 Accounts payable and accruals

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

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

2.13 Provisions

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

2.14 Employees' end of service benefits

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

2.15 Leases

Right of use assets

The Company recognises Right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets is depreciated on a straight-line basis over the shorter of its useful life and the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

2.16 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at the exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Income statement.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

2.17 Financial assets

Initial recognition and subsequent measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a). Financial assets at amortized cost (debt instruments) ;
- b). Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- c). Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) ;and
- d). Financial assets at fair value through profit or loss.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

(a) Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- a). The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding .

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

(b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

(d) Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- a). The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

(e) Derecognition of financial assets

A financial asset is primarily derecognized when:

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

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

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

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

(f) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.

2.18 Financial liabilities

(a) Initial recognition and measurement

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

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

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

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

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

(c) Derecognition of financial liabilities

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

Significant accounting policies to the standalone financial statements for the year ended March 31, 2021

2.19 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.20 Share capital

Proceeds from issuance of ordinary shares are recognized as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.21 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognized because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognized on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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

Notes to the standalone financial statements for the year ended March 31, 2021

3. PROPERTY, PLANT AND EQUIPMENT

(Figures in AED)

| Particulars | Property | Computers | Furniture & fixtures | Motor vehicle | Office equipment | Total |
|-----------------------------|------------------|---------------|----------------------|----------------|------------------|------------------|
| Cost | | | | | | |
| As on April 01, 2019 | 5,851,365 | 20,469 | 90,235 | 118,830 | 11,022 | 6,091,920 |
| Additions | - | - | - | - | - | - |
| Deletions | - | - | (23,442) | - | - | (23,442) |
| As on March 31, 2020 | 5,851,365 | 20,469 | 66,794 | 118,830 | 11,022 | 6,068,479 |
| Additions | - | 7,779 | - | - | - | 7,779 |
| As on March 31, 2021 | 5,851,365 | 28,248 | 66,794 | 118,830 | 11,022 | 6,076,258 |
| Depreciation | | | | | | |
| As on April 01, 2019 | 828,716 | 5,208 | 27,385 | 44,765 | 1,990 | 908,064 |
| For the year | 391,703 | 5,130 | 19,197 | 29,789 | 2,756 | 448,575 |
| Deletions | - | - | (11,753) | - | - | (11,753) |
| As on March 31, 2020 | 1,220,419 | 10,338 | 34,829 | 74,554 | 4,746 | 1,344,886 |
| For the year | 390,091 | 3,857 | 18,003 | 29,707 | 2,755 | 444,413 |
| Deletions | - | - | - | - | - | - |
| As on March 31, 2021 | 1,610,510 | 14,195 | 52,832 | 104,261 | 7,501 | 1,789,299 |
| Net value | | | | | | |
| As on March 31, 2021 | 4,240,855 | 14,053 | 13,962 | 14,569 | 3,521 | 4,286,959 |
| As on March 31, 2020 | 4,630,946 | 10,131 | 31,965 | 44,276 | 6,276 | 4,723,593 |

The Company reviews the carrying value of its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The impairment is measured as the amount by which the carrying value exceeds the fair value of the asset as determined by an estimate of undiscounted cash flows.



Notes to the standalone financial statements for the year ended March 31, 2021

| | | <i>(Figures in AED)</i> | |
|---|--|-------------------------|------------------------|
| | | As on Mar. 31, 2021 | As on Mar. 31, 2020 |
| 4. INVESTMENT IN SUBSIDIARY | | | |
| M/s KLJ Resources PTE. Ltd., Singapore | | 676,110 | 676,110 |
| [Company incorporated in Singapore on September 28, 2018. Investment is made in 100% share capital of the Company represented by 250,000 Shares of Singapore Dollar (SGD) 1 each converted at fixed exchange rate of AED 2.70444 per SGD]. [Refer Note 2.6]. The Company is primarily involved in the business of whole sale trade of a variety of goods without a dominant product. | | | |
| | | 676,110 | 676,110 |
| 5. INVESTMENT IN ASSOCIATE | | | |
| M/s KLJ Organic (Thailand) Limited | | 3,830,153 | 3,830,153 |
| [Company incorporated in Thailand on October 19, 2006. Investment is made in 27.84% share capital of the Company represented by 270,010 Shares of Baht 125 each converted at fixed exchange rate of AED 14.19 per Bhat]. [Refer Note 2.7]. The Company is engaged in the manufacture of Chlorinated paraffin, Hydrochloric acid and Sodium Hypochloriate. The investment in associate is accounted at cost. | | | |
| | | 3,830,153 | 3,830,153 |
| 6. TRADE RECEIVABLE | | | |
| Trade receivable | | 10,312,371 | 4,414,077 |
| Less : Provision for doubtful debts | | - | - |
| | | 10,312,371 | 4,414,077 |
| Ageing of debtors as on year end basis are as follows:- | | | |
| Up to 6 months | | 10,312,371 | 4,414,077 |
| Above 6 months | | - | - |
| | | 10,312,371 | 4,414,077 |

In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date the credit was initially granted upto the date of adoption of the accounts. Management has taken the current market conditions and payment received subsequent to the reporting date when assessing the credit quality of trade receivables. Accordingly, taking all of the above into account, no provision is required on account of doubtful trade receivables.

Notes to the standalone financial statements for the year ended March 31, 2021

| | | <i>(Figures in AED)</i> | |
|---|--|-------------------------|---------------|
| | | As on | As on |
| | | Mar. 31, 2021 | Mar. 31, 2020 |
| 7. DUE FROM RELATED PARTIES | | | |
| | M/s KIJ Resources PTE.Ltd - Singapore | - | 11,458,779 |
| | | - | 11,458,779 |
| | (Due from related parties are unsecured, repayable on demand and interest is charged at 5% per annum with effect from April 01, 2019). | | |
| 8. OTHER RECEIVABLES | | | |
| | Net Vat receivable | 14,353 | 17,448 |
| | Other receivable | - | 86,087 |
| | | 14,353 | 103,535 |
| 9. ADVANCE, DEPOSITS AND PREPAYMENTS | | | |
| | Deposits | 60,973 | 59,973 |
| | Advances | 25,553 | 50,608 |
| | Advance to supplier | 2,236,388 | 448,523 |
| | Prepayments | 21,287 | - |
| | | 2,344,201 | 559,103 |
| 10. CASH AND CASH EQUIVALENTS | | | |
| | Cash in hand | 7,124 | 5,965 |
| | Cash at bank | 1,610,387 | 1,471,437 |
| | | 1,617,511 | 1,477,402 |
| 11. BORROWINGS | | | |
| | Unsecured loan | | |
| | - From others | 2,936,000 | 3,670,000 |
| | | 2,936,000 | 3,670,000 |
| | Add: interest accrued | | |
| | - Loans from others | 108,265 | 110,100 |
| | | 3,044,265 | 3,780,100 |
| | (All loans taken by the Company and are repayable on March 03, 2022 as per loan agreement dated March 01, 2020 and interest is payable at 3% per annum). | | |
| 12. TRADE PAYABLES | | | |
| | Trade payables | 13,853 | 426,650 |
| | | 13,853 | 426,650 |

Notes to the standalone financial statements for the year ended March 31, 2021

| | | <i>(Figures in AED)</i> | |
|--|--|-------------------------|------------------|
| | | As on | As on |
| | | Mar. 31, 2021 | Mar. 31, 2020 |
| 13. ACCRUALS AND OTHER PAYABLE | | | |
| Deposit for rent property | | 45,916 | 30,820 |
| Other payables | | 7,875 | 6,838,420 |
| | | 53,791 | 6,869,240 |
| | | <i>(Figures in AED)</i> | |
| | | Year ended | Year ended |
| | | Mar. 31, 2021 | Mar. 31, 2020 |
| 14. COST OF SALES | | | |
| Add: Purchase | | 25,314,972 | 3,515,077 |
| Add: Direct expenses | | 3,445,472 | 426,650 |
| | | 28,760,445 | 3,941,727 |
| 15. ADMINISTRATIVE AND GENERAL EXPENSES | | | |
| Employee cost | | 695,565 | 532,906 |
| Bank charges | | 163,549 | 84,383 |
| Property related maintenance expenses | | 87,256 | 91,176 |
| Bad debt | | 86,087 | - |
| Visa expense | | 20,266 | 1,417 |
| Office and general expenses | | 40,884 | 62,675 |
| Travelling and conveyance expenses | | 38,962 | 54,143 |
| Insurance expenses | | 34,482 | 10,004 |
| Legal and professional charges | | 27,285 | 14,679 |
| License and registration expenses | | 21,432 | 25,594 |
| Rent | | 14,601 | 19,224 |
| Business promotion expenses | | - | 23,003 |
| | | 1,230,368 | 919,202 |
| 16. OTHER INCOME | | | |
| Interest income | | - | 582,319 |
| Rental income | | 179,272 | 162,138 |
| Loss on sale of asset | | - | (10,488) |
| Commission and others | | 410,554 | 377,317 |
| | | 589,826 | 1,111,287 |

Notes to the standalone financial statements for the year ended March 31, 2021

17. FINANCIAL INSTRUMENTS

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

a. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company does not have any significant currency risk as the Company's transactions are mainly in Arab Emirate Dirham (AED) & US Dollar that is pegged to AED.

b. Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period. The Company has no significant concentration of credit risk. Cash balance is held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The Company's bank account are placed with high credit quality financial institution. The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

The maximum exposure to credit risk at the end of the reporting period was:

| | <i>(Figures in AED)</i> | |
|-----------------------------------|-------------------------|------------------------|
| | As on Mar. 31, 2021 | As on Mar. 31, 2020 |
| Trade receivable | 10,312,371 | 4,414,077 |
| Due from related parties | - | 11,458,779 |
| Other receivables | 14,353 | 103,535 |
| Advance, deposits and prepayments | 2,344,201 | 559,103 |
| | <u>12,670,924</u> | <u>16,535,494</u> |

Notes to the standalone financial statements for the year ended March 31, 2021

c. **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of the changes in market interests rates. The Company has borrowings with fixed interest rate.

d. **Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

| | <i>(Figures in AED)</i> | | |
|-----------------------------|-------------------------|------------------|------------------|
| | Carrying amount | Within 1 year | 1 to 5 years |
| As on March 31, 2021 | | | |
| Borrowings | 3,044,265 | 3,044,265 | - |
| Trade payable | 13,853 | 13,853 | - |
| Accruals and other payable | 53,791 | 53,791 | - |
| | 3,111,909 | 3,111,909 | - |
| As on March 31, 2020 | | | |
| Borrowings | 3,780,100 | - | 3,780,100 |
| Trade payable | 426,650 | 426,650 | - |
| Accruals and other payable | 6,869,240 | 6,869,240 | - |
| | 11,075,990 | 7,295,890 | 3,780,100 |

e. **Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged during the year.

18. **SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There are no significant events occurring after the balance sheet date, which affect the financial position and performance of the Company and need recognition and/or disclosure in the financial statements.

Notes to the standalone financial statements for the year ended March 31, 2021

19. RELATED PARTY TRANSACTIONS

The entity in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party contained in the international accounting standard. The entity believes that the terms of these transactions are not significantly different from those that could have been obtained from third parties.

Following is the break up of the transactions done with the related parties during the year under audit:

| Name of the related party | Relationship |
|---------------------------------------|--------------------------|
| KLJ Resources Limited | Holding Company |
| M/s KLJ Resources PTE.Ltd - Singapore | Subsidiary Company, |
| M/s KLJ Organic (Thailand) Limited | Associate Company |
| Mr. Laxmi Narayan Sunthwal | Key Management personnel |
| Mr. Gaurav Mehta | Key Management personnel |

(Figures in AED)

| A. Transactions during the year | Year ended | Year ended |
|--|------------|------------|
| | March 2021 | March 2020 |
| | (AED) | (AED) |
| M/s. KLJ Resources PTE. Ltd - Singapore | | |
| Interest income | - | 582,319 |
| Expense recharge | - | 105,840 |
| Fund received | 11,458,779 | 5,138,797 |
| Fund transferred | - | 8,258,300 |
| Mr. Laxmi Narayan Sunthwal | | |
| Salary | 150,720 | 150,720 |
| Net advance repaid | 35,499 | 72,487 |
| Mr. Gaurav Mehta | | |
| Director remuneration | 100,000 | 50,000 |

B. Balances receivable/(payable) at the end of the year are as follows:

(Figures in AED)

| Name of the related parties | Nature of the balance | As on | As on |
|------------------------------------|-----------------------|---------------|---------------|
| | | Mar. 31, 2021 | Mar. 31, 2020 |
| KLJ Resources PTE. Ltd - Singapore | Loan | - | 11,458,779 |
| Mr Laxmi Narayan Sunthwal | Advance | 4,501 | 40,000 |

Notes to the standalone financial statements for the year ended March 31, 2021

20. FAIR VALUE MEASUREMENT

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A significant portion of the Company's financial instruments is carried at fair value. The fair value of the financial instruments are not materially different from their carrying amounts.

21. The Company has working capital facilities (WCF) from ICICI Bank Limited (DIFC Branch), Dubai, UAE. The WCF are comprising of fund based facilities in the form of Trust Receipt of USD 5.0 million with fund based sub limit of Working Capital Demand Loan upto USD 5.0 million and non-fund based sub limit of Financial Guarantee and Performance Guarantee and Letter of Credit of USD 5.0 million and additional non fund based sub limit of Stand by Letter of Credit of USD 5.0 million. Dated September 20, 2020, the novation of loan agreement entered between company, ICICI Bank Limited (DIFC Branch), Dubai (Transferror) and ICICI Bank Limited, Bahrain Branch (Transferee) in which transferror agreed to transfer its entire rights and obligations (including in respect of the Debt and the Commitment) under the master facility agreement in respect of KLJ Resources DMCC to Transferee.

The facilities are secured by:

- a. Hypothecation of stocks and inventory of the borrower on a pari passu basis;
- b. Corporate Guarantee of the KLJ Resources Limited (Parent/Holding Company) up to 110.0 % of the Facility amount;
- c. Personal Guarantee of Mr. Hemant Jain (Promoter/Director);
- d. Designation of the Bank as first loss payee in the risk insurance policies of the company on a pari passu basis;
- e. Subordination of KLJ Resources Ltd's current account with the borrower.

22. CONTINGENT LIABILITIES

As represented by the management, except for the ongoing commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities existing at the reporting date other than disclosed in the financials.

Details of contingent liabilities as on the year end are as follows:

| Guarantee | Bank | <i>(Figures in AED)</i> | |
|------------------|------------|-------------------------|------------------------|
| | | As on Mar. 31, 2021 | As on Mar. 31, 2020 |
| BG Outstanding | ICICI Bank | - | 4,404,000 |
| Letter of credit | ICICI Bank | 6,833,136 | - |
| | | 6,833,136 | 4,404,000 |

Notes to the standalone financial statements for the year ended March 31, 2021

23. GENERAL

- 23.1** Figures in the financial statements are rounded off to the nearest U.A.E Dirhams.
- 23.2** In the opinion of the management, all the assets as shown in the financial statements are existing and realizable at the amount shown against them, and there are no liabilities against the concern, contingent or otherwise, not included in the above financial statements.
- 23.3** Previous year figures are regrouped and (or) reclassified, wherever necessary for better presentation of financial statements and they are shown for comparison purposes only.

For KLJ Resources DMCC



Gaurav Mehta
Director
Dubai
April 18, 2021

