KLJ RESOURCES DMCC

Dubai, United Arab Emirates

Standalone Financial Statements

(Year Ended March 31, 2019)

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COMPANY INFORMATION

Shareholders
KLJ Resources Limited, India

Directors
Mr Hemant Jain
Mr Gaurav Mehta

Manager
Mr Laxmi Narayan Sunthwal

Principal business
The activities of the Company as per the trade license are as follows:
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

Banker
Bank of Baroda
Dubai, United Arab Emirates

ICICI Bank Limited
Dubai, United Arab Emirates

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, 2019.

Principle activities
The activities of the Company as per the trade license are as follows:
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 35.53 million as compared to the previous year revenue of AED 73.07 million. The Company had a net comprehensive income of AED 0.36 million for the current year as compared to the net comprehensive income of AED 2.35 million for the previous year.

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.

Acknowledgement
The Company takes this opportunity to place on record their gratitude to the various government departments, banks, professionals and business associates for their continued assistance and support extended to the entity. The Company's also wish to express their appreciation to the employees at all levels for their hard work, dedication & commitment.

For KLJ Resources DMCC

Gmeh

P.O.Box : 113405
DUBAI - U.A.E.
KLJ RESOURCES DMCC

Mr Gaurav Mehta
Director
Dubai
April 30, 2019

INDEPENDENT AUDITOR'S REPORT

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, 2019

Opinion

We have audited the accompanying financial statements of KLJ Resources DMCC, UAE ("the Company"), which comprises the statement of financial position as at March 31, 2019, 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, 2019 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.

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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.

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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 No.1/03 issued by the Dubai Multi Commodities Centre.

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Reg. No: 423
Dubai
April 30, 2019

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Statement of standalone financial position as on March 31, 2019

(Figures in AED)

	Notes	As on March 31, 2019	As on March 31, 2018
ASSETS EMPLOYED			
Non current assets			
Property, plant and equipment (Net)	3	5,183,856	5,574,987
Investments in subsidiary	4	676,110	-
Investments in associate	5	3,830,153	
		9,690,118	5,574,987
Current assets			
Trade receivable	6	1,635,137	1,157,370
Due from related parties	7	7,651,117	-
Net VAT receivable	8	9,778	8,250
Advance, deposits and prepayments	9	4,731,796	6,633,772
Cash and cash equivalents	10	3,703,739	6,684,995
		17,731,567	14,484,387
TOTAL ASSETS		27,421,686	20,059,374
FUNDS EMPLOYED			
Shareholders equity			
Share capital		3,670,000	3,670,000
Retained earnings		12,715,710	12,351,028
		16,385,710	16,021,028
Non current liability			
Employee terminal benefits		54,732	35,901
Borrowings	11	3,780,100	3,780,100
		3,834,832	3,816,001
Current liabilities			
Trade payable	12	5,457	191,846
Accruals and other payable	13	7,195,687	30,498
		7,201,144	222,344
TOTAL EQUITY & LIABILITIES		27,421,686	20,059,374

Annexed notes form an integral part of these financial statements.

For KLJ Resources DMCC

Gaurav

KLJ RESOURCES DMCC P.O.Box : 113405 DUBAI - U.A.E.

Mr Gaurav Mehta
Director
Dubai
April 30, 2019

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Scanned with CamScanner

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

(Figures in AED)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
INCOME			
Sales		35,525,670	73,066,946
Less: Cost of goods sold	14	(33,216,926)	(69,248,476)
	A	2,308,744	3,818,469
EXPENDITURE			
Administrative and general expenses	15	1,472,790	1,165,339
Director remuneration		114,338	127,750
Depreciation		447,126	353,800
	B	2,034,253	1,646,889
Operational income for the year	A-B	274,491	2,171,580
Finance cost		(308,391)	(486,054)
Other income		398,581	665,310
Net comprehensive income for the year		364,681	2,350,836

Annexed notes form an integral part of these financial statements.

For KLJ Resources DMCC

Gmehl

Mr Gaurav Mehta
Director
Dubai
April 30, 2019

KLJ RESOURCES DMCC
P.O.Box : 113405
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PO Box 94570
Dubai U.A.E.

Statement of standalone cash flow for the year ended March 31, 2019

(Figures in AED)

	Year ended March 31, 2019	Year ended March 31, 2018
I. FROM OPERATING ACTIVITIES		
Net comprehensive income for the year	**364,681**	2,350,836
Adjustments:		
Depreciation	**447,126**	353,800
Employees terminal benefits	**18,831**	11,920
Operating cash flow before working capital changes	**830,638**	2,716,556
Working capital changes		
(Increase)/decrease in trade receivables	**(477,767)**	(1,908,224)
(Increase)/decrease in due from related parties	**(7,651,117)**	5,570,869
(Increase)/decrease in vat receivable	**(1,528)**	1,322,669
(Increase)/decrease in advance, deposits and prepayments	**1,901,975**	(8,250)
Increase/(decrease) in trade payables	**(186,389)**	(8,576,227)
Increase/(decrease) in accruals and other payables	**7,165,189**	10,755
Net cash flow generated from /(used) in operating activities (A)	**1,581,002**	(871,853)
II. FROM INVESTING ACTIVITIES		
Purchase of property	**(55,995)**	(1,798,165)
Investment in subsidiary	**(676,110)**	-
Investment in associates	**(3,830,153)**	-
Net cash flow used in investing activities (B)	**(4,562,258)**	(1,798,165)
III. FROM FINANCING ACTIVITIES		
Net proceeds from borrowing	-	-
Net cash flow generated from/(used in) financing activities (C)	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(2,981,256)**	(2,670,017)
Cash and cash equivalents at beginning of the year	**6,684,995**	9,355,012
Cash and cash equivalents at end of the year	**3,703,739**	6,684,995
CASH & CASH EQUIVALENTS		
Cash balance	**23,230**	56,462
Bank balance	**3,680,509**	6,628,533
Cash and cash equivalents as per cash flow statement	**3,703,739**	6,684,995

Annexed notes form an integral part of these financial statements.

For KLJ Resources DMCC

Mr Gaurav Mehta
Director
Dubai
April 30, 2019

KLJ RESOURCES DMCC P.O.Box: 113405 DUBAI - U.A.E.

PO Box 94570 Dubai U.A.E.

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

(Figures in AED)

	Share capital	Retained earnings	Total
Balance as on March 31, 2017	3,670,000	10,000,193	13,670,193
Net comprehensive income for the year	-	2,350,836	2,350,836
Balance as on March 31, 2018	**3,670,000**	**12,351,028**	**16,021,028**
Net comprehensive income for the year	-	364,681	364,681
Balance as on March 31, 2019	**3,670,000**	**12,715,710**	**16,385,710**

Annexed notes form an integral part of these financial statements.

For KLJ Resources DMCC

P.O.Box : 113405
DUBAI - U.A.E.
KLJ RESOURCES DMCC

Mr Gaurav Mehta
Director
Dubai
April 30, 2019

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PO Box 94570
Dubai U.A.E.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

These financial statements have been prepared for the year ended March 31, 2019.

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 -243094.

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, 2019 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 & Alkaline 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 and Mr. Laxmi Narayan Sunthwal.

1.4 Others

The financial results of the subsidiary company, M/s. KLJ Resources PTE Ltd. (incorporated in Singapore) and share of the profit/(loss) of the associate company, M/s KLJ Organic (Thailand) Limited (incorporated in Thailand), are not consolidated/ incorporated using equity method in these financial statements respectively as these will be done in the consolidated financial statements of the company. Currently, this financial statements are prepared on standalone basis in compliance with the International Financial Reporting Standards for Small and Medium Sized entities.

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, 2019

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 IFRS 14 Regulatory Deferral Accounts;

ii Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative;

iii Amendments to IFRS 11 Joint arrangements relating to accounting for acquisitions of interests in joint operations;

iv Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortization;

v Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements;

vi Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities;

vii Annual Improvements to IFRS Standards 2012 - 2016 Cycle amending IFRS 5, IFRS 7, IAS 19, IAS 34, IFRS 1 and IAS 28;

viii Amendments to IAS 40 Investment Property: The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence;

ix The amendments made to IFRS 2 in June 2016 clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled;

x IFRS 9 Financial Instruments (2009), initial and subsequent measurement, classification of financial assets and liabilities. Impairment of financial assets and derecognition of financial assets and liabilities with affect from 01 January 2018;

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Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

xi IFRIC 22 Foreign Currency Transactions and Advance Consideration: The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

(b) New and revised IFRSs in issue but not yet effective
New standards and significant amendments to standards applicable to the Company

i IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet with affect from 1 January 2019, with earlier adoption permitted if IFRS 15 Revenue from Contracts with Customers has also been applied;

ii IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities if there is uncertainty over a tax treatment and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted;

iii IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts and has an effective date of 1 January 2021;

iv Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28 with effect from 01 January 2019;

v Annual Improvements to IFRS 3, IFRS 11, IAS 12 and IAS 23 with effect on 01 January 2019;

vi The amendments to IAS 19 with effect from 01 January 2019 which clarify the accounting for defined benefit plan amendments, curtailments and settlements.

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.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

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.

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.

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%

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.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

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. The Company has availed the exemption as provided in International Financial Reporting Standard:27.

2.7 Investments in associates

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. The Company has availed the exemption as provided in International Financial Reporting Standard:27.

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 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.

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Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

2.12 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.

2.13 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.

2.14 Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. In the book of leasee operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Where significant risk and reward transferred to the lease the assets is recognized as finance lease in the books of the leasee.

2.15 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at the currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

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Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

2.16 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.

(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.

PO Box 94570 Dubai U.A.E.
T R C PAMCO MIDDLE EAST AUDITING & ACCOUNTING

Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

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.

(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;

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Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

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.

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.

Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

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.

2.17 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.

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.

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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 profiter 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.

2.18 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.

2.19 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.

2.20 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.

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Significant accounting policies to the standalone financial statements for the year ended March 31, 2019

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, 2019

3. PROPERTY, PLANT AND EQUIPMENT

(Figures in AED)

Particulars	Property	Computers	Furniture & fixtures	Motor vehicle	Office equipments	Total
Cost						
As on March 31, 2018	5,851,365	8,598	57,132	118,830	-	6,035,925
Additions	-	11,871	33,103	-	11,022	55,995
Deletions	-	-	-	-	-	-
As on March 31, 2019	**5,851,365**	**20,469**	**90,235**	**118,830**	**11,022**	**6,091,920**
Depreciation						
As on March 31, 2018	438,625	1,489	5,767	15,057	-	460,938
For the year	390,091	3,719	21,618	29,708	1,990	447,126
Deletions	-	-	-	-	-	-
As on March 31, 2019	**828,716**	**5,208**	**27,385**	**44,765**	**1,990**	**908,064**
Net value						
As on March 31, 2019	**5,022,649**	**15,261**	**62,850**	**74,065**	**9,032**	**5,183,856**
As on March 31, 2018	5,412,740	7,109	51,365	103,773	-	5,574,987

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.

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Notes to the standalone financial statements for the year ended March 31, 2019

(Figures in AED)

		As on March 31, 2019	As on March 31, 2018
4.	**INVESTMENTS IN SUBSIDIARY**		
	M/s KLJ Resources PTE. Ltd., Singapore	**676,110**	-
	[Company incorporated in Singapore on September 28, 2018, 100% share in 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	-
5.	**INVESTMENTS IN ASSOCIATE**		
	M/s KLJ Organic (Thailand) Limited	**3,830,153**	-
	[Company incorporated in Thailand on October 19, 2006, 27.84% share in 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.		
		3,830,153	-
6.	**TRADE RECEIVABLE**		
	Trade receivable	**1,635,137**	1,157,370
	Less : Provision for doubtful debts	**-**	-
		1,635,137	1,157,370
	Ageing of debtors are as follows:-		
	Up to 3 months	**96,334**	92,711
	Above 3 months	**1,538,803**	1,064,659
		1,635,137	1,157,370

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Notes to the standalone financial statements for the year ended March 31, 2019

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.

		(Figures in AED)
	As on March 31, 2019	As on March 31, 2018
7. DUE FROM RELATED PARTIES		
M/s KLJ Resources PTE.Ltd - Singapore	**7,651,117**	-
	7,651,117	-

(Due to related parties are unsecured, interest free and repayable on demand).

8. NET VAT RECEIVABLE		
Gross VAT receivable	**10,589**	9,061
Less: VAT payable	**(811)**	(811)
	9,778	8,250
9. ADVANCE, DEPOSITS AND PREPAYMENTS		
Deposits	**40,973**	19,000
Advances	**4,411,187**	6,178,792
Advance to supplier	**-**	329,060
Prepayments	**193,550**	20,833
Other receivables	**86,087**	86,087
	4,731,796	6,633,772
10. CASH AND CASH EQUIVALENTS		
Cash in hand	**23,230**	56,462
Cash at bank	**3,680,509**	6,628,533
	3,703,739	6,684,995
11. BORROWINGS		
Unsecured loan		
- From others	**3,670,000**	3,670,000
	3,670,000	3,670,000
Add: interest accrued		
- Loans from others	**110,100**	110,100
	3,780,100	3,780,100

(All loans taken by the Company are repayable on demand and bear an interest of 3% per annum).

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Notes to the standalone financial statements for the year ended March 31, 2019

		(Figures in AED)	
		As on March 31, 2019	As on March 31, 2018
12.	**TRADE PAYABLE**	**5,457**	191,846
13.	**ACCRUALS AND OTHER PAYABLE**		
	Advance from customer	**76,935**	26,498
	Other payables	**7,118,752**	4,000
		7,195,687	30,498

		(Figures in AED)	
		Year ended March 31, 2019	Year ended March 31, 2018
14.	**COST OF SALES**		
	Opening stock	**-**	1,322,669
	Add: Purchase	**31,956,435**	64,923,767
	Add: Direct expenses	**1,260,492**	3,002,041
		33,216,926	69,248,476
	Less: Closing stock	**-**	-
		33,216,926	69,248,476
15.	**ADMINISTRATIVE AND GENERAL EXPENSES**		
	Employee cost	**896,586**	618,991
	Travelling and conveyance expenses	**222,200**	144,967
	Property related maintenance expenses	**98,442**	87,019
	Office and general expenses	**86,134**	38,821
	Bank charges	**65,680**	26,199
	Legal and professional charges	**36,841**	47,952
	License and registration expenses	**33,011**	29,695
	Rent	**9,924**	16,625
	Insurance expenses	**9,686**	82,032
	Business promotion expenses	**8,943**	42,850
	Visa expense	**5,345**	23,968
	Commission expenses	**-**	6,220
		1,472,790	1,165,339

16. FINANCIAL INSTRUMENTS

Financial instruments mean financial assets, financial liabilities and equity instruments. Financial assets of the entity includes bank balances, inventories, advances, deposits, inventories and accounts receivable. Financial liabilities include short term borrowings, accounts payable and other current liabilities.

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Notes to the standalone financial statements for the year ended March 31, 2019

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:

(Figures in AED)

	As on March 31, 2019	As on March 31, 2018
Trade receivable	**1,635,137**	1,157,370
Due from related parties	**7,651,117**	-
Net VAT receivable	**9,778**	8,250
Advance, deposits and prepayments	**4,731,796**	6,633,772
	14,027,828	7,799,392

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.

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.

(Figures in AED)

	0 to 1 year	1 to 5 years	More than 5 years
As on March 31, 2019			
Borrowings	-	3,780,100	-
Trade payable	5,457	-	-
Accruals and other payable	7,195,687	-	-
	7,201,144	**3,780,100**	-

(Figures in AED)

	0 to 1 year	1 to 5 years	More than 5 years
As on March 31, 2018			
Borrowings	-	3,780,100	-
Trade payable	191,846	-	-
Accruals and other payable	30,498	-	-
	222,344	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 period.

17. 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.

Notes to the standalone financial statements for the year ended March 31, 2019

18. 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
KJL Resources Limited	The holding Company
M/s KLJ Resources PTE.Ltd -	Subsidiary Company
M/s KLJ Organic (Thailand) Limited	Associate Company
Mr Laxmi Narayan Sunthwal	Key Management personnel
Mr Gaurav Mehta	Key Management personnel

NAME OF THE RELATED PARTY	Nature of transactions	As of Mar 19 (AED)	As of Mar 18 (AED)
KLJ Resources Limited	Loan taken	-	1,834,761
	Interest	-	2,565
	Repayment	-	(1,837,326)
KLJ Organic(Thailand)	Investment in associate	3,830,153	-
KLJ Resources PTE. Ltd - Singapore	Investment in subsidiary	676,110	-
	Fund	(56,254)	-
	Fund	7,707,371	-
Mr Laxmi Narayan Sunthwal	Salary	315,000	300,000
Mr Gaurav Mehta	Salary	96,337	91,750

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

(Figures in AED)

NAME OF THE RELATED PARTY	As on March 31, 2019	As on March 31, 2018
KLJ Resources PTE. Ltd - Singapore	**7,651,117**	-
	7,651,117	-

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Notes to the standalone financial statements for the year ended March 31, 2019

19. 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 financials instruments are not materially different from their carrying amounts.

20. 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 10.0 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 10.0 million and additional non fund based sub limit of Stand by Letter of Credit of USD 5.0 million.

The facilities are secured by:

a. Hypothecation of stocks and inventory of the borrower on a pari passu basis;

b. Corporate Guarantee of KLJ Resources Limited (Parent/Holding Company) up to 110.0 % of the Facility amount;

c. Personal Guarantee of Mr. Hemant Jain (Promoter/Director);

d. Subordination of KLJ Resources Ltd's current account with the borrower.

21. 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.

22. GENERAL

22.1 Figures in the financial statements are rounded off to the nearest U.A.E Dirhams.

22.2 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.

22.3 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

Mr Gaurav Mehta
Director
Dubai
April 30, 2019

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