CHEMHUB TRADING DMCC

Financial Statements

31 March 2020

Registered office:

Unit No. 438, DMCC Business Centre, Level 5,
Jewellery and Gemplex 2,
Dubai, U.A.E.

CHEMHUB TRADING DMCC

Financial Statements
31 March 2020

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Manager's Report

The manager submits his report and financial statements for the year ended 31 March 2020.

Results

Loss for the year amounted to US $ 276,160/-

Review of the business

The company is registered to trade in basic industrial chemicals.

Events since the end of the year

Before the reporting date, a limited number of cases of an unknown virus had been reported to the World Health Organisation. Following the subsequent spread of the virus, on 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. The identification of the virus post 31 March 2020, as a new coronavirus, and its subsequent spread, is considered a non-adjusting subsequent event. As at the date of this report, it is not possible to reliably estimate the financial effect (if any) of the virus on the company's operations.

Except for above, there were no important events, which have occurred since the year-end that materially affect the company.

Shareholder and its interest

The shareholder at 31 March 2020 and its interest as at that date in the share capital of the company was as follows:

	Country of Incorporation	*No. of shares*	*US $*
Kiri Industries Limited *(200 shares of AED 1,000 each converted @ 3.67)*	India	200	54,495

Auditors

A resolution to re-appoint **ASD Zaveri Auditors & Accountants**, as the auditors and fix their remuneration will be put to the board at the annual general meeting.

Mr. Manishkumar Pravinchandra Kiri
Manager

CHEMHUB TRADING DMCC
Dubai - U.A.E.
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Independent Auditors' Report to the Directors of
CHEMHUB TRADING DMCC

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **CHEMHUB TRADING DMCC** (The "Company"), which comprises of the statement of financial position as at 31 March 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position of the company as of 31 March 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter:

Without qualifying our audit opinion, we draw attention to note 2(a) to the financial statements, which states that these financial statements have been prepared on a going concern basis, However, there is a deficiency in the total equity of the company amounting to US $ 1,309,704/- arising out of losses of the current and preceding years.

The continuance of the business as a going concern is dependent upon the company's ability to generate adequate profits to wipe off the accumulated losses of the company and the continuous financial support from the shareholder.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other Information

Management is responsible for the other information. Other information comprises the manager's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

Report on the Audit of the Financial Statements of CHEMHUB TRADING DMCC *(continued)*

Other Information *(continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Report on the Audit of the Financial Statements of
CHEMHUB TRADING DMCC *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements *(continued)*

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

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

Report on Other Legal and Regulatory Requirements

We further confirm that we have obtained all information and explanations necessary for our audit and that proper financial records have been maintained by the company in accordance with the DMCC Company Regulations No. 1/03 issued in 2003. To the best of our knowledge and belief no violations of said regulations have occurred which would have had a material effect on the business of the company or on its financial position.

ASD ZAVERI AUDITORS & ACCOUNTANTS
Dubai, U.A.E.

Sunil Rashmikumar Zaveri
(Registration # 1091)
23 June 2020

P.O.Box: 34866
Dubai - U.A.E.
ASD ZAVERI AUDITORS & ACCOUNTANTS

CHEMHUB TRADING DMCC

Statement of Financial Position
At 31 March 2020

	Notes	2020 US $	2019 US $
ASSETS			
Non-current assets			
Intangible assets	6	**856,707**	**1,070,884**
Current assets			
Goods in transit		-	1,033,249
Trade and other receivables	7	5,814,878	4,266,492
Prepayments		4,530	70,657
Bank balances in current accounts		22,330	343,541
Total current assets		**5,841,738**	**5,713,939**
TOTAL ASSETS		**6,698,445**	**6,784,823**
EQUITY AND LIABILITIES			
Equity			
Share capital	8	54,495	54,495
Share application money	9	22,517	22,517
Accumulated losses		(1,386,716)	(1,110,556)
Total equity		**(1,309,704)**	**(1,033,544)**
Current liabilities			
Trade and other payables	10	**8,008,149**	**7,818,367**
TOTAL EQUITY AND LIABILITIES		**6,698,445**	**6,784,823**

The accompanying notes 1 to 18 form an integral part of these financial statements.
The Independent Auditors' Report is set forth on pages 2 – 4.
Approved by board of directors of the shareholder company on 23 June 2020 and signed on their behalf by:

For CHEMHUB TRADING DMCC

Mr. Manishkumar Pravinchandra Kiri
Director

Dubai - U.A.E.
CHEMHUB TRADING DMCC
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CHEMHUB TRADING DMCC

Statement of Comprehensive Income
for the year ended 31 March 2020

	Notes	2020 US $	2019 US $
Revenue	11	**24,695,021**	**20,858,295**
Cost of revenue	12	(24,103,217)	(20,467,790)
Gross profit		**591,804**	**390,505**
Expenses	13	(867,964)	(904,441)
(Loss) for the year		**(276,160)**	**(513,936)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(276,160)**	**(513,936)**

The accompanying notes 1 to 18 form an integral part of these financial statements.

For CHEMHUB TRADING DMCC

Mr. Manishkumar Pravinchandra Kiri
Director

CHEMHUB TRADING DMCC

Statement of Changes in Equity
for the year ended 31 March 2020

	Share capital US $	Accumulated losses US $	Share application money US $	Total US $
As at 31 March 2018	**54,495**	**(596,620)**	**22,517**	**(519,608)**
Loss for the year	-	(513,936)	-	(513,936)
As at 31 March 2019	54,495	(1,110,556)	22,517	(1,033,544)
Loss for the year	-	(276,160)	-	(276,160)
As at 31 March 2020	**54,495**	**(1,386,716)**	**22,517**	**(1,309,704)**

The accompanying notes 1 to 18 form an integral part of these financial statements.

CHEMHUB TRADING DMCC

Statement of Cash Flows
for the year ended 31 March 2020

	Note	2020 US $	2019 US $
Cash flows from operating activities			
(Loss) for the year		**(276,160)**	**(513,936)**
Adjustments for:			
Amortization of intangible assets		214,177	214,177
Operating loss before working capital changes		**(61,983)**	**(299,759)**
Changes in inventory		1,033,249	474,317
Changes in trade and other receivables		(1,548,386)	904,612
Changes in prepayments		66,127	(59,138)
Changes in trade and other payables		189,782	(695,608)
Net cash flows (used in) / from operating activates		**(321,211)**	**324,424**
Cash flows from investing activities		**-**	**-**
Cash flows from financing activities		**-**	**-**
Net changes in cash and cash equivalents		**(321,211)**	**324,424**
Bank balances at the beginning of the year		**343,541**	**19,117**
Bank balances at the end of the year		**22,330**	**343,541**

The accompanying notes 1 to 18 form an integral part of these financial statements.

CHEMHUB TRADING DMCC
(Incorporated in the Dubai Multi Commodities Centre)
(Registration no. DMCC3215)

Notes to the Financial Statements
for the year ended 31 March 2020

1. Legal status and business activity

a) **CHEMHUB TRADING DMCC** ("The Company") is a free zone limited liability company registered in the Dubai Multi Commodities Centre under trading license No. DMCC-32231 issued on 29 April 2012.

b) The company is registered to trade in basic industrial chemicals.

2. Basis of preparation

a) Going concern

These financial statements have been prepared on a going concern basis, which assume that the company will continue to operate as a going concern for a foreseeable future. However, there is a deficiency in the total equity of the company amounting to US $ 1,309,704/- arising out of losses of current and preceding years.

The continuance of the business as a going concern is dependent upon the company's ability to generate adequate profits to wipe off the accumulated losses of the company and the continuous financial support from the shareholder.

b) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2019 and the applicable rules and regulations of the Dubai Multi Commodities Centre.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

d) Functional and presentation currency

The functional currency of the company is U.A.E. Dirhams. These financial statements are presented in United States Dollars (USD), which in the opinion of the management is the most appropriate presentation currency in view of the global presence of the company. U.A.E. Dirham is currently pegged to USD and there are no differences on translation from functional to presentation currency.

CHEMHUB TRADING DMCC

Notes to the Financial Statements
for the year ended 31 March 2020

3. Use of estimates and judgments

The preparation of the financial statements to be in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of financial assets, financial liabilities, income and expenses, disclosure of contingent liabilities and the resultant provisions and fair values. These estimates are necessarily based on assumptions about several factors, may cause the actual results to 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 estimates are revised and in any future periods affected.

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

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

Revenue from contracts with customers

Timing for transfer of control of goods
In case of performance obligation satisfied at point in time, the control of goods is transferred, when physical delivery of the goods to the agreed location has occurred, as a result, the company has a present right to payment and retains none of the significant risks and rewards of the goods.

Timing for transfer of control of services
In case of performance obligation satisfied at point in time, the control of services is transferred when the customer accepts the services.

Financing components
The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

CHEMHUB TRADING DMCC

Notes to the Financial Statements
for the year ended 31 March 2020

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of intangible assets

Carrying values of the intangible assets are assessed for their fair market values as commanded by the market forces on a periodic basis. Based on such assessments the cost of intangible assets are reduced to their estimated market valuation.

Inventory provision

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Doubtful debt provision

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties or from related parties and assess the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

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

Leases

The company assesses whether a contract is or contains a lease, at inception of the contract. The company has assessed that the assets taken on lease do not create any right to use asset to the company.

Significant judgment in determining the lease term of contracts with renewal options
The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Variable lease payments
Some leases contain variable payments that are linked to the usage / performance of the leased asset. Such payments are recognized in statement of total income.

CHEMHUB TRADING DMCC

Notes to the Financial Statements
for the year ended 31 March 2020

Fair value measurements and valuation processes

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the company determine the appropriate valuation techniques and inputs for fair value measurements.

4. Adoption of new and revised International Financial Reporting Standards

a) New and revised International Financial Reporting Standards

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period and which are applicable to the company are as follows:

- IFRS 16 – Leases – The effective date of the standard is set for annual periods beginning on or after 1 January 2019.
- IFRIC 23 – uncertainty of Income Tax Position – The effective date of the interpretation is set for annual periods beginning on or after 1 January 2019.
- Amendments to IFRS 9 – Prepayment features with negative compensation. The effective date of the amendment is set for annual periods beginning on or after 1 January 2019.
- Amendments to IAS 1 and IAS 8 – new definition of material information.
- Amendments to IAS 28 – Long term interests in Associates and Joint Ventures. The effective date of the amendment is set for annual periods beginning on or after 1 January 2019.
- Amendments to IFRS – Annual improvements to IFRS Standards 2015-17 Cycle.
- Amendments to IAS 19 – Plan amendments, curtailments or settlements. The effective date of the amendment is set for annual periods beginning on or after 1 January 2019.

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from the financial reporting period commencing on or after 1 January 2019.

There are no significant impacts of IFRS 3, IFRS 16 and other amendments as listed above on the amounts reported and their presentation are therefore not applicable to the company.

b) International Financial Reporting Standards issued but not effective

- IFRS 17 – Insurance Contracts – The effective date of the standard is set for annual periods beginning on or after 1 January 2021.
- Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

CHEMHUB TRADING DMCC

Notes to the Financial Statements
for the year ended 31 March 2020

International Financial Reporting Standards issued but not effective ***(continued)***

- IFRS 3 – Business combinations – the effective date of the clarification of the definition of a business is set for annual periods beginning on or after 1 January 2020.
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform, being protentional effect of IBOR reforms.
- Amendments to IFRS – Annual improvements to IFRS Standards 2018-20 Cycle.

The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Significant Changes in the current reporting period

IFRS 16 Leases

The company has adopted IFRS 16 Leases issued in January 2016 with the date of initial application of 1 January 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lease to recognize a right-of- use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

The company initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The company initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for profit and lease payments, as well as the impact of lease modifications, amongst others.

The company has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated.

The company has assessed that the impact of IFRS 16 is not material on the financial statements of the company as at the adoption date and the reporting date.

CHEMHUB TRADING DMCC

Notes to the Financial Statements
for the year ended 31 March 2020

5. Summary of significant accounting policies

a) Depreciation of fixed assets

Minor purchases of fixed assets are depreciated fully in the year of purchase.

b) Intangible asset

Intangible asset represents payments made for creation of brands and specific visibility in specified markets and initially measured at cost of such payments made to create brand and visibility.

Intangible asset represents payments made for creation of brands and specific visibility in specified markets and initially measured at cost of such payments made to create brand and visibility.

Intangible assets are stated at cost less impairment, if any and are amortized over a period of 7 years. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount. Such impairment losses are reported in the statement of comprehensive income.

c) Financial instruments

Initial Recognition and Measurement

The company recognises financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss, are added to the fair value on initial recognition.

Classification and subsequent measurement of financial assets

During the year, the company has financial instruments in the form of trade and other receivables, VAT receivables, refundable deposits, cash and bank balances.

Classification and subsequent measurement of financial liabilities

Changes in fair value on liabilities are recognized in the statement of comprehensive income.

Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the company loses its' right to receive the fair value of the asset. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

d) Other current financial assets

Other current financial assets, being trade and other receivables, VAT receivables, refundable deposits, and cash and bank balances are stated at the value that they are due to the company.

e) Inventory

Inventory is valued at lower of cost or net realisable value. Cost comprises of invoice value plus attributable direct expenses. Net realisable value is based on estimated selling price less further cost expected to be incurred for disposal.

f) Trade and other receivables

Trade receivables are stated at their original invoice amount less a provision for any uncollectible amount. An estimate of doubtful debts is made when any collectible, in part or full is no longer probable and is provided in the accounts. Receivables are written off as bad debts when there is no possibility of recovery.

g) Foreign currency transactions

Transactions in foreign currencies are converted into United States Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into United States Dollars at the rate of exchange ruling at the reporting date. Resulting gains or losses arising from the foreign currency transactions are taken to the statement of comprehensive income.

For trade receivables and other current assets, the company applies a simplified approach in calculating expected credit losses. The company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses 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.

h) Impairment of financial assets

Financial assets represent current assets being trade and other receivables, advances to suppliers, refundable deposits, VAT receivables, cash and bank balances.

The company recognizes an allowance for expected credit losses (ECLs) on its financial assets.

CHEMHUB TRADING DMCC

Notes to the Financial Statements
for the year ended 31 March 2020

Impairment of financial assets *(continued)*

ECL are required to be measured through a loss allowance at an amount equal to:

- 12 – month ECL, which represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
- Lifetime ECL, which represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For trade receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company doesn't track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Loss allowance is based on the company's historical credit loss experience, adjusted for forward – looking factors specific to the debtors and the economic environment.

If a write-off is later recovered, the recovery is credited to the statement of comprehensive income.

i) Impairment of non-financial assets

Non-financial assets include tangible fixed assets being office furniture and equipment.

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount.

Tangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is assessed at the level of cash generating units ('CGUs').

Impairment losses relating to continuing operations are recognised in statement of comprehensive income. An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized and any subsequent adjustment to the carrying value of the asset. Such reversal is recognised in profit or loss.

j) Fair value measurement

For financial assets, the company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial assets has not increased significantly since initial recognition, the company measures the loss allowance for that financial asset at an amount equal to 12 months ECL.

CHEMHUB TRADING DMCC

Notes to the Financial Statements
for the year ended 31 March 2020

Fair value measurement *(continued)*

The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit–impaired at the end of the reporting period or an actual default occurring.

k) Financial liabilities

The financial liabilities comprise trade and other payables, advances from customers, VAT payable and accruals.

l) Trade and other payables

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

m) Value Added Tax

The revenue, expenses and assets are recognized net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT payable to or VAT recoverable from, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

n) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

o) Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

CHEMHUB TRADING DMCC

Notes to the Financial Statements
for the year ended 31 March 2020

p) Leases

The company enters in contracts to take its business operational premises on lease. The company takes the premises on annually renewable lease.

Such leases are classified as short term lease and are expensed on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Such leases do not create any right to use asset with a corresponding lease liability. The lease value not capitalized and corresponding liability created for unexpired portion of such lease

The lease liability is without any finance costs.

q) Revenue recognition

Sales of goods

The company is in the business of trading in trading in basic industrial chemicals.

Revenue from sale of goods is recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customers and have been accepted by the customers at their premises and there is no unfulfilled obligation that could affect customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and the company has objective evidence that all criteria for acceptance have been satisfied.

Services

During the year, the company has rendered consultancy services for export of basic industrial chemicals.

Revenue comprises of the fair value of the consideration received or receivable for the services provided in the ordinary course of the companies' activities.

The company is in the business of providing management consultancy services, under fixed-price contracts, to its' various clients, within and outside U.A.E.

The amount of revenue is shown as net of discounts, returns, other similar obligations and VAT as per the performance obligations determined as per the provisions of the contracts with customers.

Fixed-price contracts

Revenue is recognized based on the actual service provided to the customer as a proportion of total services to be provided because the customer receives and uses the benefits simultaneously.

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r) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash on hand, bank current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

6. Intangible assets

	2020 US $	2019 US $
At cost [1]	**1,499,238**	1,499,238
Amortization		
Amount at the beginning of the year	428,354	214,177
Amount amortized during the year	214,177	214,177
Amount at the end of the year	**642,531**	428,354
Net intangible assets at the end of the year	**856,707**	1,070,884

[1] *Represents costs paid for creation of brands and specific visibility for new products in new territories and includes amounts paid for specialized inventories used for development of brand product, business feasibility studies, procurement of contact lists and preparation of various agreements, rents paid for temporary offices and related miscellaneous costs for brand creation.*

The company amortizes the cost of intangible assets over seven years (refer note 5b).

7. Trade and other receivables

	2020 US $	2019 US $
Trade receivables	5,758,350	4,045,234
Deposits	2,322	8,885
VAT receivable	23,619	11,870
Other receivables	30,587	200,503
	5,814,878	4,266,492

8. Share capital

200 shares of AED 1,000/- each (*converted @ AED 3.67per US $ 1*)	**54,495**	54,495

9. Share application money

This amount represents share application money received from Kiri Industries Limited, sole shareholder of the company. Pending legal formalities the amount continues to be disclosed as share application money.

Notes to the Financial Statements
for the year ended 31 March 2020

10. Trade and other payables

	2020 US $	2019 US $
Trade payables *(refer note 14)*	6,866,203	7,511,257
Advances from a customer	1,075,672	304,110
Accruals	66,274	3,000
	8,008,149	**7,818,367**

11. Revenue

	2020 US $	2019 US $
Sale of goods	24,586,516	20,559,593
Commission and consultancy receipts	108,505	298,702
	24,695,021	**20,858,295**

12. Cost of revenue

Represents cost of purchases *(includes purchases from a related party – refer note 14)* and other direct expenses.

13. Expenses

	2020 US $	2019 US $
Managerial remuneration, salaries and expenses *(refer note 14)*	150,844	173,804
Rent	4,756	4,756
Amortization of intangible assets	214,177	214,177
Bank and related charges	27,995	79,782
Other administrative expenses	470,192	431,922
	867,964	**904,441**

14. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related party may be individuals or other entities.

Notes to the Financial Statements
for the year ended 31 March 2020

Related party transactions *(continued)*

The nature and amount of significant related party transactions is as under:

	2020	*2020*	*2020*	*2019*
	US $	*US $*	*US $*	*US $*
	Key Management Personnel	*Shareholder Company*	*Total*	*Total*
Purchases	-	19,887,923	19,887,923	11,612,779
Managerial remuneration and expenses	139,483	-	139,483	173,804

At the reporting date, balances with a related party (Shareholder Company) was as follows:

	Shareholder Company	
	2020	*2019*
	US $	*US $*
Included in current liabilities:		
Trade payables *(refer note 10)*	6,024,871	5,770,935

15. Financial instruments

The company has exposure to the following risks from its financial instruments:

a) Credit risk
b) Market risk
c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of trade and other receivables and bank balances.

Trade receivables

As at 31 March 2020, the company's maximum and significant exposure to credit risk from trade receivables situated outside U.A.E. amounts to US $ 5,297,286/- from two customers *(previous year US $ 3,580,441/- from two customers)*.

There is no significant concentration of credit risk from trade receivables within U.A.E. or outside the industry in which the company operates.

Bank balances

The company's bank balances in current accounts are placed with high credit quality financial institutions.

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b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

Interest rate risk

In the absence of bank borrowings, interest rate risk is minimal.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E. Dirhams to which the US Dollar is pegged.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the owners and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

The following are the contractual maturities of the company's financial liabilities as of 31 March 2020.

Non-derivative financial liabilities	*Carrying Amounts* *US $*	*Payable within next 12 months* *US $*	*Payable after 12 months* *US $*
Trade and other payables			
Trade payables	6,866,203	6,866,203	-
Advances from a customer	1,075,672	1,075,672	-
Accruals	66,274	66,274	-

16. Financial instruments: Fair value

The fair values of the company's financial assets, comprising of trade and other receivables and bank balances and financial liabilities comprising of trade and other payables approximate to their carrying values.

17. Contingent liability

There was no contingent liability of a significant amount outstanding at the reporting date.

18. Comparative figures

Previous year figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.