

# **CHEMHUB TRADING DMCC**

## **Financial Statements**

*31 March 2021*

*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 2021

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## CHEMHUB TRADING DMCC Manager's Report

The manager submits his report and financial statements for the year ended 31 March 2021.

### Results and dividends

Profit for the year amounted to US \$ 773,516/-

To conserve the financial resources of the company, the manager do not propose any dividend for the year ended 31 March 2021.

### Review of the business

The company is registered to trade in basic industrial chemicals.

### Events since the end of the year

The continuing spread of new coronavirus, COVID-19, post 31 March 2021, with its mutations and variants are 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.

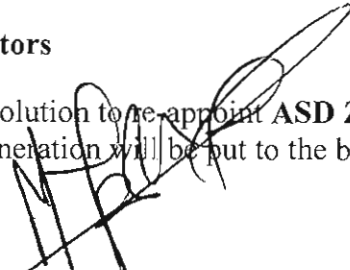
### Shareholder and its interest

The sole shareholder, as at 31 March 2021 and its interest, as at that date in the share capital of the company, was as follows:

	<i>Country of Incorporation</i>	<i>No. of shares</i>	<i>AED</i>	<i>US \$</i>
Kiri Industries Limited (200 shares of AED 1,000 each converted @ 3.67)	India	<u>200</u>	<u>200,000</u>	<u>54,495</u>

### 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. Manish Pravinchandra Kiri**  
Manager





## 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 2021, 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 2021 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 \$ 536,188/- (*previous year US \$ 1,309,704/-*) arising out of losses of the 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.

VAT returns are prepared and filed by the management and are subject to assessment by the Federal Tax Authorities.





**Independent Auditors' Report to the Directors 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.
- 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.



**Independent Auditors' Report to the Directors of  
CHEMHUB TRADING DMCC (continued)**

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

- 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**

Further, as required by the U.A.E. Federal Law No. (2) of 2015, we report that:

- We have obtained all information and explanations necessary for our audit;
- The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Law No. (2) of 2015;
- The company has maintained proper books of accounts;
- Proper financial records have been maintained by the company, in accordance with the DMCC Company Regulations No. 1/03 issued in 2003;
- The financial information included in the manager's report, in so far as it relates to these financial statements, is consistent with the books of accounts of the company;
- The company has not purchased or invested in any shares during the year ended 31 March 2021;
- Disclosures relating to related parties transactions, during the year and the balances as of the reporting date is disclosed in note # 15.
- Based on the information made available to us, nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended 31 March 2021 any of the applicable provisions of the U.A.E. Federal Law No. (2) of 2015 or its Articles of Association, which would materially effect its activities or on its financial position, as at 31 March 2021.

**ASD ZAVERI AUDITORS & ACCOUNTANTS**

Dubai, U.A.E.

Sunil Rashmikumar Zaveri

(Registration # 1091)

3 June 2021







**CHEMHUB TRADING DMCC**

**Statement of Financial Position**  
*At 31 March 2021*

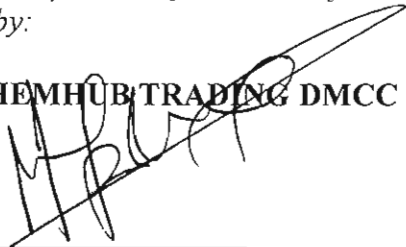
	<i>Notes</i>	<i>2021</i> <i>US \$</i>	<i>2020</i> <i>US \$</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	6	<u>642,530</u>	<u>856,707</u>
<b>Current assets</b>			
Trade and other receivables	7	3,569,033	5,814,878
Prepayments		10,083	4,530
Cash and bank balances	8	<u>26,919</u>	<u>22,330</u>
<b>Total current assets</b>		<b><u>3,606,035</u></b>	<b><u>5,841,738</u></b>
<b>TOTAL ASSETS</b>		<b><u>4,248,565</u></b>	<b><u>6,698,445</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	54,495	54,495
Share application money	10	22,517	22,517
Accumulated losses		<u>(613,200)</u>	<u>(1,386,716)</u>
<b>Total equity</b>		<b><u>(536,188)</u></b>	<b><u>(1,309,704)</u></b>
<b>Current liabilities</b>			
Trade and other payables	11	<u>4,784,753</u>	<u>8,008,149</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>4,248,565</u></b>	<b><u>6,698,445</u></b>

*The accompanying notes 1 to 19 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 3a June 2021 and signed on their behalf by:*

For CHEMHUB TRADING DMCC

  
\_\_\_\_\_  
**Mr. Manish Pravinchandra Kiri**  
Director





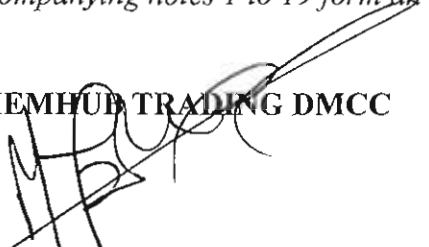
**CHEMHUB TRADING DMCC**

**Statement of Comprehensive Income**  
*for the year ended 31 March 2021*

	<i>Notes</i>	<i>2021</i> <i>US \$</i>	<i>2020</i> <i>US \$</i>
<b>Revenue</b>	12	10,079,224	24,695,021
Cost of revenue	13	(8,919,620)	(24,103,217)
<b>Gross profit</b>		1,159,604	591,804
Expenses	14	(386,088)	(867,964)
<b>Profit / (Loss) for the year</b>		773,516	(276,160)
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>773,516</u>	<u>(276,160)</u>

*The accompanying notes 1 to 19 form an integral part of these financial statements.*

For CHEMHUB TRADING DMCC

  
\_\_\_\_\_  
Mr. Manish Pravinchandra Kiri  
Director







**CHEMHUB TRADING DMCC**

**Statement of Changes in Equity**  
*for the year ended 31 March 2021*

	<i>Share capital US \$</i>	<i>Share application money US \$</i>	<i>Accumulated losses US \$</i>	<i>Total US \$</i>
As at 31 March 2019	54,495	22,517	(1,110,556)	(1,033,544)
Loss for the year	—	—	(276,160)	(276,160)
<b>As at 31 March 2020</b>	<b>54,495</b>	<b>22,517</b>	<b>(1,386,716)</b>	<b>(1,309,704)</b>
Profit for the year	—	—	773,516	773,516
<b>As at 31 March 2021</b>	<b><u>54,495</u></b>	<b><u>22,517</u></b>	<b><u>(613,200)</u></b>	<b><u>(536,188)</u></b>

*The accompanying notes 1 to 19 form an integral part of these financial statements.*



**CHEMHUB TRADING DMCC**

**Statement of Cash Flows**

*for the year ended 31 March 2021*

	<i>Note</i>	<i>2021</i>	<i>2020</i>
		<i>US \$</i>	<i>US \$</i>
<b><u>Cash flows from operating activities</u></b>			
Profit / (Loss) for the year		773,516	(276,160)
Adjustments for:			
Amortization of intangible assets		<u>214,177</u>	<u>214,177</u>
<b>Operating profit / (loss) before working capital changes</b>		<b>987,693</b>	<b>(61,983)</b>
Changes in inventory		-	1,033,249
Changes in trade and other receivables		2,245,845	(1,548,386)
Changes in prepayments		(5,553)	66,127
Changes in trade and other payables		<u>(3,223,396)</u>	<u>189,782</u>
<b>Net cash flows from / (used in) operating activities</b>		<b><u>4,589</u></b>	<b><u>(321,211)</u></b>
<b><u>Cash flows from investing activities</u></b>		<b><u>-</u></b>	<b><u>-</u></b>
<b><u>Cash flows from financing activities</u></b>		<b><u>-</u></b>	<b><u>-</u></b>
Net changes in cash and cash equivalents		4,589	(321,211)
Cash and bank balances at the beginning of the year		<u>22,330</u>	<u>343,541</u>
Cash and bank balances at the end of the year		<u><u>26,919</u></u>	<u><u>22,330</u></u>

*The accompanying notes 1 to 19 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 2021*

**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 \$ 536,188/- (*previous year US \$ 1,309,704/-*) arising out of losses of 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 2020 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 Arab Emirates 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. Arab Emirates 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 2021*

**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 intangible and 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.





## CHEMHUB TRADING DMCC

### Notes to the Financial Statements for the year ended 31 March 2021

#### *Revenue from contracts with customers* (continued)

##### *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.

#### **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 for expected credit losses 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 of expected credit losses 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.



## CHEMHUB TRADING DMCC

### Notes to the Financial Statements for the year ended 31 March 2021

#### *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 comprehensive income.

#### *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:

- IAS 1 and IAS 8 – Amendments regarding the definition of material is set for annual periods beginning on or after 1 January 2020.
- 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 16, providing lessees with an exemption from assessing whether a COVID-19 – related rent concession is a lease modification.
- 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 revised version of the Conceptual Framework.
- Amendments to IFRS – Annual improvements to IFRS Standards (taxation in fair value measurements) 2018-20 Cycle.

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 2020.

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



**CHEMHUB TRADING DMCC**

**Notes to the Financial Statements**  
*for the year ended 31 March 2021*

**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.
- 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 2019-20 Cycle.

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

**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.



**CHEMHUB TRADING DMCC**

**Notes to the Financial Statements**  
*for the year ended 31 March 2021*

***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 inventories, 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 expected credit loss 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.





## CHEMHUB TRADING DMCC

### Notes to the Financial Statements for the year ended 31 March 2021

#### Foreign currency transactions *(continued)*

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

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

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 intangible and tangible fixed assets.

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.



**CHEMHUB TRADING DMCC**

**Notes to the Financial Statements**  
*for the year ended 31 March 2021*

**Impairment of non-financial assets** *(continued)*

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.

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.



**CHEMHUB TRADING DMCC**

**Notes to the Financial Statements**  
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**Provisions (continued)**

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.

**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.



**CHEMHUB TRADING DMCC**

**Notes to the Financial Statements**  
*for the year ended 31 March 2021*

**Services**

During the year, the company has rendered consultancy services for export of basic industrial chemicals, under fixed-price contracts, to its' various clients, within and outside U.A.E..

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

Commission income is recognised on the basis of agreed terms of individual contracts.

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.

**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.

	<i>2021</i>	<i>2020</i>
	<u>US \$</u>	<u>US \$</u>
<b>6. Intangible assets</b>		
<b>At cost <sup>1</sup></b>	<b>1,499,238</b>	<b>1,499,238</b>
<b>Amortization</b>		
Amount at the beginning of the year	642,531	428,354
Amount amortized during the year	<u>214,177</u>	<u>214,177</u>
Amount at the end of the year	<b>856,708</b>	<b>642,531</b>
Net intangible assets at the end of the year	<u><b>642,530</b></u>	<u><b>856,707</b></u>

<sup>1</sup> 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).





**CHEMHUB TRADING DMCC**

**Notes to the Financial Statements**  
*for the year ended 31 March 2021*

	<i>2021</i>	<i>2020</i>
	<i>US \$</i>	<i>US \$</i>
<b>7. Trade and other receivables</b>		
Trade receivables	3,543,882	5,758,350
Provision for expected credit losses	<u>(4,529)</u>	<u>-</u>
	<b>3,539,353</b>	<b>5,758,350</b>
Deposits	1,819	2,322
VAT receivable	26,649	23,619
Other receivables	<u>1,212</u>	<u>30,587</u>
	<b><u>3,569,033</u></b>	<b><u>5,814,878</u></b>
<b>8. Cash and bank balances</b>		
Cash on hand	1,650	-
Bank balances in:		
Current accounts	<u>25,269</u>	<u>22,330</u>
	<b><u>26,919</u></b>	<b><u>22,330</u></b>
<b>9. Share capital</b>		
200 shares of AED 1,000/- each (converted @ AED 3.67 per US \$ 1)	<b><u>54,495</u></b>	<b><u>54,495</u></b>
<b>10. Share application money</b>		
<p>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.</p> <p>After the current reporting date, the company has applied for cancellation of increase in authorised, issued and paid-up share capital of the company. The legal formalities are under process.</p>		
	<i>2021</i>	<i>2020</i>
	<i>US \$</i>	<i>US \$</i>
<b>11. Trade and other payables</b>		
Trade payables (refer note 15)	4,245,721	6,866,203
Advances from a customer	482,819	1,075,672
Accruals	<u>56,213</u>	<u>66,274</u>
	<b><u>4,784,753</u></b>	<b><u>8,008,149</u></b>
<b>12. Revenue</b>		
Sale of goods	9,695,802	24,586,516
Consultancy receipts	246,922	108,505
Commission income	<u>136,500</u>	<u>-</u>
	<b><u>10,079,224</u></b>	<b><u>24,695,021</u></b>

**CHEMHUB TRADING DMCC****Notes to the Financial Statements**  
*for the year ended 31 March 2021***13. Cost of revenue**

Represents cost of purchases (includes purchases from a related party – refer note 15) and other direct expenses.

	<u>2021</u>	<u>2020</u>
	<u>US \$</u>	<u>US \$</u>
<b>14. Expenses</b>		
Managerial remuneration, salaries and expenses (refer note 15)	54,551	150,844
Rent	4,380	4,756
Amortization of intangible assets	214,177	214,177
Provision for expected credit losses	4,529	-
Bank and related charges	12,071	27,995
Other administrative expenses	<u>96,380</u>	<u>470,192</u>
	<u><b>386,088</b></u>	<u><b>867,964</b></u>

**15. 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.

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

	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
	<u>US \$</u>	<u>US \$</u>	<u>US \$</u>	<u>US \$</u>
	<i>Key</i>			
	<i>Management</i>	<i>Shareholder</i>	<i>Total</i>	<i>Total</i>
	<i>Personnel</i>	<i>Company</i>		
Purchases	-	3,502,138	3,502,138	19,887,923
Managerial remuneration and expenses	49,122	-	49,122	139,483

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

	<i>Shareholder Company</i>	
	<u>2021</u>	<u>2020</u>
	<u>US \$</u>	<u>US \$</u>
<b>Included in current liabilities</b>		
Trade payables (refer note 11)	2,491,964	6,024,871



**CHEMHUB TRADING DMCC**

**Notes to the Financial Statements**  
*for the year ended 31 March 2021*

**16. 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 2021, the company's maximum and significant exposure to credit risk from trade receivables situated outside U.A.E. amounts to US \$ 3,240,354/- from two customers (*previous year US \$ 5,297,286/- 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.

**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 Arab Emirates Dirhams or in US Dollars to which the Arab Emirates Dirham is fixed.

**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.



**CHEMHUB TRADING DMCC**

**Notes to the Financial Statements**  
*for the year ended 31 March 2021*

**Liquidity risk (continued)**

The following are the contractual maturities of the company's financial liabilities as of 31 March 2021.

<i>Non-derivative financial liabilities</i>	<i>Carrying Amounts US\$</i>	<i>Payable within next 12 months US\$</i>	<i>Payable after 12 months US\$</i>
<b>Trade and other payables</b>			
Trade payables	4,245,721	4,245,721	-
Advances from a customer	482,819	482,819	-
Accruals	56,213	56,213	-

**17. 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.

**18. Contingent liability**

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

**19. Comparative figures**

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