

ASHAPURA MINECHEM (UAE) FZE

Financial Statements

31 March 2021

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Financial Statements

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ASHAPURA MINECHEM (UAE) FZE
Directors' Report

The Directors submit their report, together with the audited financial statements of **ASHAPURA MINECHEM (UAE) FZE**, for the year ended 31 March 2021.

Results and appropriations

The results of the establishment and the appropriations made for the year ended 31 March 2021 are set out on pages 5 and 6 of the financial statements.

In my opinion, the financial statements set out on page 4 to 17 are drawn up so as to give a true and fair view of the financial position of the establishment as at 31 March 2021 and the financial performance, changes in equity and cash flows of the establishment for the year then ended in accordance with International Financial Reporting Standards and applicable implementing rules and regulation issued by Hamriyah Free Zone Authority.

At the date of this statement, there are reasonable grounds to believe that the establishment will be able to pay its debts as and when they fall due.

Review of the business

The establishment has carried out the activities as described in note 1 to the financial statements during the year.

Events since the end of the year

There were no important events which have occurred since the year-end that materially affect the establishment.

Shareholder and its interest

The shareholder and its interest in the establishment as at 31 March 2021 is as under:

	<u>Country of Incorporation</u>	<u>% of shareholding</u>	<u>USD</u>
Ashapura Minechem Limited	India	100 %	2,778,690

Directors

The Directors who served during the year were:

Mr. Hemulkumar Ramesh Shah
 Mr. Narayanan Parakavalappil

Auditor

A resolution to re-appoint the auditor and fix their remuneration will be put to the board at the annual general meeting.

On behalf of the Board:



Mr. Hemulkumar Ramesh Shah
DIRECTOR

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ASHAPURA MINECHEM (UAE) FZE**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ASHAPURA MINECHEM (UAE) FZE** (the "establishment") which comprise the statement of financial position as at 31 March 2021, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 establishment in accordance with the International Ethics Standards Board of 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 Hamriyah Free Zone Authority and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and implementing regulations of Hamriyah Free Zone Authority, 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.

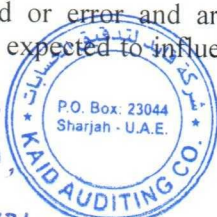
In preparing the financial statements, management is responsible for assessing the establishment's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the establishment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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ASHAPURA MINECHEM (UAE) FZE***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

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 establishment'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 establishment'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 establishment 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

As required by the Articles of Association adopted by the establishment in accordance with implementing rules and regulations issued by the Hamriyah Free Zone Authority, we further confirm that we have obtained all the information and explanations necessary for our audit and proper books of account have been kept by the establishment.

Kaid Auditing Co.



Signed by:
14 June 2021
Dubai, United Arab Emirates.

ASHAPURA MINECHEM (UAE) FZE

**Statement of Financial Position
as at 31 March 2021**

	<i>Notes</i>	2021 US \$	2020 US \$
ASSETS			
Non-current assets			
Property, plant and equipment	5	252	214
Investments	6	<u>3,261,483</u>	<u>3,261,483</u>
		<u>3,261,735</u>	<u>3,261,697</u>
Current assets			
Unsecured loans and advance	7	384,276	530,526
Other receivables	8	31,859	31,390
Prepayments		16,220	9,496
Cash and cash equivalents	9	<u>30,248</u>	<u>252,836</u>
		<u>462,603</u>	<u>824,248</u>
Total assets		<u>3,724,338</u>	<u>4,085,945</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	2,778,690	2,778,690
Accumulated losses		<u>(2,220,769)</u>	<u>(2,550,790)</u>
Total equity funds		<u>557,921</u>	<u>227,900</u>
Liabilities			
Non-current liabilities			
Staff end of service gratuity		6,759	5,253
Due to related parties	13	<u>3,131,821</u>	<u>3,282,160</u>
		<u>3,138,580</u>	<u>3,287,413</u>
Current liabilities			
Trade payables		7,035	114,945
Advance from customers		-	440,862
Accruals		<u>20,802</u>	<u>14,825</u>
		<u>27,837</u>	<u>570,632</u>
Total liabilities		<u>3,166,417</u>	<u>3,858,045</u>
Total equity and liabilities		<u>3,724,338</u>	<u>4,085,945</u>

The notes on pages 8 to 17 form an integral part of these financial statements.



Mr. Hemulkumar Ramesh Shah
DIRECTOR

ASHAPURA MINECHEM (UAE) FZE

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2021

	<i>Notes</i>	<i>2021 US \$</i>	<i>2020 US \$</i>
Revenue:			
Sales		-	282,945
Other income	11	<u>529,167</u>	<u>1,131</u>
Total revenue		529,167	284,076
Expenses:			
Cost of sales		-	(184,995)
Staff salary and benefits		(64,958)	(214,278)
Other expenses	12	(30,281)	(86,204)
Impairment loss	13	-	(200,000)
Finance costs		<u>(103,907)</u>	<u>(198,242)</u>
Total expenses		<u>(199,146)</u>	<u>(883,719)</u>
Profit/(loss) for the year		330,021	(599,643)
Other comprehensive income/(loss)		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u>330,021</u>	<u>(599,643)</u>

The notes on pages 8 to 17 form an integral part of these financial statements.

ASHAPURA MINECHEM (UAE) FZE

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

	<i>Share capital US \$</i>	<i>Accumulated losses US \$</i>	<i>Total US \$</i>
As at 31 March 2019	2,778,690	(1,951,147)	827,543
Loss for the year	-	(599,643)	(599,643)
As at 31 March 2020	2,778,690	(2,550,790)	227,900
Profit for the year	-	330,021	330,021
As at 31 March 2021	<u>2,778,690</u>	<u>(2,220,769)</u>	<u>557,921</u>

The notes on pages 8 to 17 form an integral part of these financial statements.

ASHAPURA MINECHEM (UAE) FZE

Statement of Cash Flows
for the year ended 31 March 2021

	Note	2021 US \$	2020 US \$
<u>Cash flows from operating activities</u>			
Profit/(loss) for the year		330,021	(599,643)
Adjustments for:			
Depreciation		163	131
Impairment loss		-	200,000
Provision for staff end of service gratuity		1,506	2,026
Finance costs		103,907	198,242
Operating profit/(loss) before working capital changes		435,597	(199,244)
(Increase)/decrease in other receivables and prepayments		(7,193)	(649)
Proceeds from/(payment of) advance from customers		(440,862)	440,862
Increase/(decrease) in trade and other payables		(101,933)	(411,192)
Net cash from/(used in) operating activities		<u>(114,391)</u>	<u>(170,223)</u>
<u>Cash flows from investing activity</u>			
Payment for purchase of property, plant and equipment		(201)	-
Net cash from/(used in) investing activity		<u>(201)</u>	<u>-</u>
<u>Cash flows from financing activity</u>			
Loans and advance from/(to) related parties (net)		(107,996)	(185,484)
Net cash from/(used in) financing activity		<u>(107,996)</u>	<u>(185,484)</u>
Net increase/(decrease) in cash and cash equivalents		(222,588)	(355,707)
Cash and cash equivalents at the beginning of the year		<u>252,836</u>	<u>608,543</u>
Cash and cash equivalents at the end of the year	9	<u>30,248</u>	<u>252,836</u>

The notes on pages 8 to 17 form an integral part of these financial statements.

ASHAPURA MINECHEM (UAE) FZE**Notes to the Financial Statements**
*for the year ended 31 March 2021***1. Legal status and business activities**

ASHAPURA MINECHEM (UAE) FZE (“the establishment”) is a free zone establishment incorporated in the Hamriyah Free Zone pursuant to Emiri Decree No. 6 of 1995 of H.H. Sheikh Dr. Sultan Bin Mohammed Al-Qasimi Ruler of Sharjah and implementation Rules and Regulations issued there under by the Hamriyah Free Zone Authority. The address of the establishment’s registered office is Leased Office Building 2 Office No. 2G-11, PO Box 42236, Hamriyah Free Zone, Sharjah, U.A.E.

The establishment is operating under license number 835 with import, export, and distribution of industrial materials as its licensed activities.

2. Basis of preparation

These financial statements contain information about the establishment as an individual establishment and do not contain consolidated financial information as the parent of a group or as a partner in joint ventures. The establishment has availed itself of the exemption under IFRS 10 – Consolidated Financial Statements from the requirement to prepare consolidated financial statements as it, its subsidiary and its joint ventures are included by consolidation in the consolidated financial statements of the ultimate parent company.

Statement of compliance

The financial statements have been prepared under accrual basis of accounting and going concern basis, in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of U.A.E. laws.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The functional currency of the establishment is U.A.E Dirham (AED) since the majority of the establishment’s transactions are conducted in that currency or in US Dollars to which U.A.E Dirham is pegged, and the establishment’s presentation currency is in US Dollars.

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 financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts.

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 4.

ASHAPURA MINECHEM (UAE) FZE**Notes to the Financial Statements**
*for the year ended 31 March 2021****Application of new and revised International Financial Reporting Standards (IFRSs)***

The establishment has applied all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 April 2020. The establishment has not early adopted any other standard, interpretation or amendment that has been issued but are not yet effective.

3. Summary of significant accounting policies

The accounting policies, which are consistent with those used in the previous year, except for the new standards effective on 1 April 2020, in dealing with items that are considered material in relation to the establishment's financial statements are as follows:

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost is depreciated using the straight-line method over the estimated useful lives of 4 to 5 years. Minor assets are fully depreciated in the year of purchase. An assessment of carrying values is undertaken at each statement of financial position date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Investments in subsidiary

Subsidiaries are entities over which the establishment has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Investment in a subsidiaries is accounted for at cost less provision for impairment in value of the investments, if any. Dividend income is recognized in the statement of profit or loss and other comprehensive income when dividend is paid by them out of the profits made subsequent to the date of acquisition.

Investment in associate

An associate is an entity in which the establishment has significant influence and which is neither a subsidiary nor a joint venture. Investments in associates are accounted for at cost less provision for impairment in value of the investments, if any. Dividend income is recognized in the statement of profit or loss and other comprehensive income when the right to receive is established.

Investment in joint venture entity

Joint venture is those company over whose activities the establishment has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in joint venture are accounted for at cost less provision for impairment in value of the investments, if any. Dividend income is recognized in the statement of profit or loss and other comprehensive income when the right to receive is established.

Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

ASHAPURA MINECHEM (UAE) FZE**Notes to the Financial Statements**
*for the year ended 31 March 2021***Summary of significant accounting policies (cont'd)*****Financial assets***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the establishment's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The establishment's financial assets at amortized cost comprise cash and cash equivalents, and other receivables.

Trade receivables

Trade receivables are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad debts are written off as they arise and when there is no possibility of recovery.

Other current financial assets

Other current financial assets comprise loan to related parties, advances, and refundable deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balance in current accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Impairment of financial assets

The establishment recognizes an allowance for expected credit losses (ECLs) on its financial assets. ECLs 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 establishment applies a simplified approach in calculating ECLs. Therefore, the establishment 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 establishment's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

The establishment's financial liabilities comprise due to related parties and trade and other payables.

Trade and other payables

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

ASHAPURA MINECHEM (UAE) FZE**Notes to the Financial Statements**
*for the year ended 31 March 2021***Summary of significant accounting policies (cont'd)****Employee benefits**

An accrual is made for estimated liability for employees' entitlement to annual leave and passage money as a result of services rendered by eligible employees up to the end of the reporting period. Provision is also made for the full amount of end of service gratuity in accordance with the establishment's policy, which is at least equal to the benefits payable in accordance with U.A.E. Labor Law, for their period of service up to the end of the reporting period. The accrual relating to annual leave and passage is classified as a current liability, while the provision relating to end of service gratuity is classified as a non-current liability.

Value Added Tax (VAT)

Expenses and assets are recognized net of the amount of VAT, except:

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

The net amount of value added tax recoverable from, or payable to, the Federal Tax Authority is included as part of receivables or payables in the statement of financial position.

Revenue recognition

Revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Interest income

Revenue from interest income is recognized on a time-proportion basis using the effective interest method.

Foreign currency transactions

Transactions in foreign currencies are converted to US Dollars at rates ruling when the transactions are entered into. Balances in foreign currencies are translated to US Dollars at the rate of exchange prevailing at the statement of financial position date. The resulting exchange difference is taken to statement of profit or loss and other comprehensive income.

4. Significant judgment employed in applying accounting policies and key sources of estimation uncertainty**4.1 Significant judgment employed**

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

ASHAPURA MINECHEM (UAE) FZE**Notes to the Financial Statements**
*for the year ended 31 March 2021***Significant judgment employed (cont'd)****Impairment of non-financial assets**

The establishment assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any of such indication exists, the establishment estimates the asset's recoverable amount which is the higher of fair value less costs to sell and value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the establishment takes into account qualitative and quantitative reasonable and supportable forward-looking information. As at date of statement of financial position, management believes that the recoverability of its long-term loans are certain, accordingly, no expected credit losses are recognized.

4.2 Key sources of estimation uncertainty

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as under:

Useful lives of assets

The useful lives of the establishment's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of establishment's property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the establishment's assets. In addition, the estimation of the useful lives is based on the establishment's collective assessment of industry practice, internal technical evaluation and experience with similar assets.

Impairment of loans and receivables

Management regularly undertakes a review of the amounts of loans and receivables owed to the establishment either from third parties or from related parties and assesses 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 of trade and other receivables

The loss allowance for trade and other receivables are based on assumptions about risk of default and expected credit loss rates. The establishment uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the establishment's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Any difference between the amounts actually collected in the future period and the amounts expected, will be recognized in the establishment's statement of profit or loss in that period.

ASHAPURA MINECHEM (UAE) FZE

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

Key sources of estimation uncertainty (cont'd)

Staff end of service gratuity

The establishment computes provision for the liability to staff end of service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

		<i>Furniture fixtures & office equipment</i>	
		<i>US \$</i>	
5.	Property, plant and equipment		
	Cost		
	As at 01.04.2020		22,872
	Addition during the year		201
	As at 31.03.2021		<u>23,073</u>
	Depreciation		
	As at 01.04.2020		22,658
	Charge for the year		163
	As at 31.03.2021		<u>22,821</u>
	Net book value		
	As at 31.03.2021		<u>252</u>
	As at 31.03.2020		<u>214</u>
6.	Investments		
		<i>Country of Incorporation</i>	<i>% of Ownership</i>
		<i>2021 US \$</i>	<i>2020 US \$</i>
	Investment in subsidiary:		
	Ashapura Holdings (UAE) FZE	U.A.E	100
		<u>40,872</u>	<u>40,872</u>
	Investment in joint venture/associate:		
	Ashapura Midgulf NV	Belgium	48.975
	Ashapura Fareast SDN. BHD. (formerly known as Hudson-MPA SDN. BHD.)	Malaysia	25
		<u>2,131,147</u>	<u>2,131,147</u>
		<u>1,089,464</u>	<u>1,089,464</u>
		<u>3,220,611</u>	<u>3,220,611</u>
	Total investments	<u>3,261,483</u>	<u>3,261,483</u>
	Share of net book value of investments as at 31 March		
	Ashapura Holdings (UAE) FZE	4,922,658	(821,108)
	Ashapura Midgulf NV	554,869	1,476,384
	Ashapura Fareast SDN. BHD. (As of 31 December 2020)	<u>661,591</u>	<u>476,193</u>
		<u>6,139,118</u>	<u>1,131,469</u>

- All the above investments are pledged to an overseas company against loan of US \$ 52,990,000 availed by wholly owned subsidiary, Ashapura Holdings (UAE) FZE.

In the opinion of the management, negative net asset value and impairment of investment if any, will be considered at group consolidation.

ASHAPURA MINECHEM (UAE) FZE
Notes to the Financial Statements
for the year ended 31 March 2021

	<i>2021</i> <u>US \$</u>	<i>2020</i> <u>US \$</u>
7. Unsecured loans and advance		
Loan to business associates	80,276	266,526
Loan to step down subsidiary	40,000	-
Advance to a related party – <i>on trade account</i>	<u>264,000</u>	<u>264,000</u>
	<u>384,276</u>	<u>530,526</u>
8. Other receivables		
Advances for expenses	7,100	7,100
VAT receivables	1,268	799
Deposits	<u>23,491</u>	<u>23,491</u>
	<u>31,859</u>	<u>31,390</u>
9. Cash and cash equivalents		
Cash on hand	101	229
Bank balance in:		
Current accounts	<u>30,147</u>	<u>252,607</u>
	<u>30,248</u>	<u>252,836</u>
10. Share capital		
Issued and paid up:		
68 shares of AED 150,000 (<i>converted @ 3.67</i>)	<u>2,778,690</u>	<u>2,778,690</u>
<i>Pledge against the borrowing availed by the wholly owned subsidiary.</i>		
11. Other income		
This represent advance received from customers and supplier credit balance which has been written back during the year.		
	<i>2021</i> <u>US \$</u>	<i>2020</i> <u>US \$</u>
12. Other expenses		
Rent and license expenses	15,167	20,486
Other administrative expenses	14,951	65,587
Depreciation	<u>163</u>	<u>131</u>
	<u>30,281</u>	<u>86,204</u>
13. Related parties' transactions and balances		
The establishment in the normal course of business enters into transactions with other business entities which fall within the definition of related party as mentioned in the International Accounting Standard – 24.		
Related parties with which the establishment has transactions and balances are as under:		

ASHAPURA MINECHEM (UAE) FZE

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

Related parties' transactions and balances (cont'd)

Parent shareholder company

- Ashapura Minechem Limited, India

Subsidiary

- Ashapura Holdings (UAE) FZE, Hamriyah Free Zone, Sharjah, UAE

Step down subsidiaries

- Ashapura Guinea Resources SARL, Republic of Guinea (w.e.f. 6 December 2019)
- PT Ashapura Bentoclay Fareast

Joint Venture

- Ashapura Midgulf NV, Belgium

Associate

- Ashapura Fareast SDN. BHD.

Director

- Narayanan Parakavalappil

The nature of significant related party transactions during the year and the amounts involved are as under:

	<i>2021</i> <u>US \$</u>	<i>2020</i> <u>US \$</u>
Transactions:		
Interest charged by a related party:		
- Parent shareholder company	103,463	197,175
Impairment loss		
- Step down subsidiary	-	200,000
Salary and benefits		
- Director	44,952	48,145
The year end balances with related parties are as under:		
Due to related parties (funding account):		
- Parent shareholder company – interest bearing	1,703,803	1,600,340
- Subsidiary establishment – non-interest bearing	<u>1,428,018</u>	<u>1,681,820</u>
	<u>3,131,821</u>	<u>3,282,160</u>
Loan to related party:		
- Step down subsidiary	40,000	-
Advance on trade account:		
- Parent shareholder trade account	264,000	264,000

Loans

Loan from a subsidiary is interest free and loans to the related parties are non-interest bearing, unsecured and without any fixed repayment schedule. Loan from the parent shareholder company carries interest charge of 6.53% per annum.

ASHAPURA MINECHEM (UAE) FZE

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

14. Financial instruments: Credit, liquidity and market risk exposures

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the establishment to concentrations of credit risk, comprise principally bank balance in current accounts, other receivables, and loans and advance. The establishment's bank balance in current accounts are placed with high credit quality financial institution.

Amounts due from related parties, and other receivables are considered good and recoverable by the management and accordingly no allowance for doubtful recoveries considered in the accounts. At the statement of financial position date, there are no significant concentrations of credit risk to receivables outside the industry in which the establishment operates.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the ultimate parent company which has built an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements.

The parent company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, dealing with reputed financial institutions and matching the maturity profiles of financial assets and liabilities.

Market risk

Market risk is a risk that changes in market prices, such as interest rate risk and currency risk, will affect the establishment's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loans to and from related parties are at the interest rates decided by the management from time to time

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Except for following balances, there are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E Dirhams, which is fixed to US Dollars.

	<i>2021</i> <i>US \$</i>	<i>2020</i> <i>US \$</i>
Foreign currency assets:		
<i>Trade and other receivables</i>		
Indian Rupees	264,000	264,000
Foreign currency liabilities:		
<i>Due to a related party</i>		
Indian Rupees	1,703,803	1,600,340

ASHAPURA MINECHEM (UAE) FZE**Notes to the Financial Statements**
*for the year ended 31 March 2021***15. Capital risk management**

The establishment manages its capital to ensure that the establishment will be able to continue as a going concern while maximizing the return to the parent company. The establishment's capital structure consists of bank balance and cash and equity, comprising share capital and accumulated losses.

16. Financial instruments: Fair value

The fair values of the establishment's financial assets, comprising of loans and advance, other receivables, cash and bank balances and financial liabilities, comprising due to related parties, trade and other payables, are approximate to their carrying values.

17. Contingent liability and capital commitment

There are no liabilities contingent in nature and capital commitment outstanding as of the statement of financial position date.

18. Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassifications do not affect the previously reported loss, net assets or equity of the establishment.

19. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorized Mr. Hemulkumar Ramesh Shah to sign on their behalf on 14 June 2021.

