

**ASHAPURA MINECHEM (UAE) FZE**

**Financial Statements**

***31 March 2019***

**ASHAPURA MINECHEM (UAE) FZE**

**Financial Statements**  
**31 March 2019**

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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 2019.

**Principal activities**

The establishment has carried out the activities of import, export and distribution of industrial minerals during the year.

**Results and appropriations**

The results of the establishment and the appropriations made for the year ended 31 March 2019 are set out on pages 5 and 6 of the financial statements and the basis of preparation of the financial statements are described in note 2.

In my opinion, the financial statements set out on page 5 to 17 are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the company for the year then ended in accordance with applicable implementing rules and regulation issued by Hamriyah Free Zone Authority and International Financial Reporting Standards.

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

**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 2019 is as under:

	<i>Country of Incorporation</i>	<i>No. of shares</i>	<i>USD</i>
Ashapura Minechem Limited	India	100 %	2,778,690

**Directors**

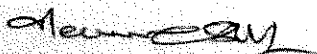
The Directors who served during the year were:

Mr. Sunay Shah  
 Mr. Hemulkumar Ramesh Shah

**Auditors**

A resolution to re-appoint the auditors 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 AUDITORS' 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 2019, 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 (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the establishment in accordance 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.

*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 auditors' 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.

KAL  
14/05/19

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF  
ASHAPURA MINECHEM (UAE) FZE***Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)*

- 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 auditors' 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 auditors' 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 May 2019  
Dubai



**ASHAPURA MINECHEM (UAE) FZE**
**Statement of Financial Position**  
 31 March 2019

ASSETS	Notes	2019 US \$	2018 US \$
<b>Non-current assets</b>			
Property, plant and equipment	5	345	476
Investments	6	3,261,483	4,261,483
Loan to a related party	12	170,013	5,494,735
		<u>3,431,841</u>	<u>9,756,694</u>
<b>Current assets</b>			
Trade and other receivables	7	722,217	570,527
Prepayments		12,296	13,583
Cash and cash equivalents	8	608,543	2,985,430
		<u>1,343,056</u>	<u>3,569,540</u>
<b>Total assets</b>		<u>4,774,897</u>	<u>13,326,234</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
<b>Equity</b>			
Share capital		2,778,690	2,778,690
Accumulated (losses)	9	(1,951,147)	(1,481,981)
<b>Total shareholder's funds</b>		<u>827,543</u>	<u>1,296,709</u>
<b>Non-current liabilities</b>			
Staff end of service gratuity		3,227	1,930
Due to related parties	12	3,403,165	3,627,601
		<u>3,406,392</u>	<u>3,629,531</u>
<b>Current liabilities</b>			
Advances from customers		-	8,000,000
Trade payables		529,200	379,200
Accrual		11,762	20,794
		<u>540,962</u>	<u>8,399,994</u>
<b>Total liabilities</b>		<u>3,947,354</u>	<u>12,029,525</u>
<b>Total equity and liabilities</b>		<u>4,774,897</u>	<u>13,326,234</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 2019

	Notes	2019 US \$	2018 US \$
Sales		1,082,766	1,503,001
Cost of sales		(1,027,169)	(1,407,080)
<b>Gross profit</b>		<b>55,597</b>	<b>95,921</b>
Other income	10	775,471	4,025
Impairment of investment in subsidiary		(545,620)	-
Other administrative expenses	11	(523,158)	(305,205)
Finance costs		(231,456)	(226,304)
<b>(Loss) for the year</b>		<b>(469,166)</b>	<b>(431,563)</b>
Other comprehensive income/(loss)		-	-
<b>Total comprehensive (loss) for the year</b>		<b>(469,166)</b>	<b>(431,563)</b>

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 2019

	<i>Share capital US \$</i>	<i>Accumulated (losses) US \$</i>	<i>Total US \$</i>
As at 31 March 2017	2,778,690	(1,050,418)	1,728,272
(Loss) for the year	-	<u>(431,563)</u>	<u>(431,563)</u>
As at 31 March 2018	2,778,690	(1,481,981)	1,296,709
(Loss) for the year	-	<u>(469,166)</u>	<u>(469,166)</u>
As at 31 March 2019	<u>2,778,690</u>	<u>(1,951,147)</u>	<u>827,543</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 2019**

	2019 US \$	2018 US \$
<b><u>Cash flows from operating activities</u></b>		
(Loss) for the year		
Adjustments for:	(469,166)	(431,563)
Depreciation	131	131
Impairment of investment in subsidiary	545,620	-
Provision for staff end of service gratuity	1,297	1,296
Finance costs	<u>231,456</u>	<u>226,304</u>
<b>Operating profit/(loss) before working capital changes</b>	<b>309,338</b>	<b>(203,832)</b>
(Increase)/decrease in trade, other receivables and prepayments	(150,403)	920,420
(Repayment of)/proceeds from advance from customers	(8,000,000)	8,000,000
Increase in trade and other payables	<u>140,968</u>	<u>48,096</u>
<b>Cash (used in) /generated from operations</b>	<b>(7,700,097)</b>	<b>8,764,684</b>
Finance costs paid	<u>(231,456)</u>	<u>(226,304)</u>
<b>Net cash used in)/ generated from operating activities</b>	<b><u>(7,931,553)</u></b>	<b><u>8,538,380</u></b>
<b><u>Cash flows from investing activities</u></b>		
Loans from/(to) related parties (net)	<u>5,554,666</u>	<u>(6,758,477)</u>
<b>Net cash from/(used in) investing activities</b>	<b><u>5,554,666</u></b>	<b><u>(6,758,477)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,376,887)</b>	<b>1,779,903</b>
Cash and cash equivalents at the beginning of the year	<u>2,985,430</u>	<u>1,205,527</u>
Cash and cash equivalents at the end of the year	<u>608,543</u>	<u>2,985,430</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 2019

#### 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 (IFRS) 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 under 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 2019*****Application of International Financial Reporting Standards (IFRS)***

The establishment adopted the following standards and amendments which are effective for annual periods beginning on or after 1 January 2018:

***IFRS 15 - Revenue from Contracts with Customers***

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

***IFRS 9 - Financial Instruments***

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. For financial receivables, IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. For equity instruments, IFRS 9 now requires measurement of all financial assets at fair value and provides an irrevocable option to measure certain securities at FVOCI rather than through profit or loss. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and assets at FVOCI.

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 2018, 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**

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. A joint venture is a contractual agreement between the establishment and one or more other parties to undertake economic activity that is subject to joint control.

Investments in subsidiaries and joint ventures 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 dividend is paid by the subsidiaries or joint ventures out of the profits made subsequent to the date of acquisition.

**ASHAPURA MINECHEM (UAE) FZE****Notes to the Financial Statements  
for the year ended 31 March 2019****Summary of significant accounting policies (cont'd)****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.

**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 financial assets at amortized cost comprise cash and bank balance, trade 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, VAT receivable 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.

**Financial liabilities**

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

**Loan 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.

**Staff end of service gratuity**

The establishment provides end of service gratuity to its employees. The entitlement to these benefits is based upon the employees' basic salary and length of service. The expected costs of these benefits are accrued over the period of employment.

**ASHAPURA MINECHEM (UAE) FZE****Notes to the Financial Statements  
for the year ended 31 March 2019****Summary of significant accounting policies (cont'd)****Revenue recognition**

The establishment recognizes revenue from commission income. The establishment recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The establishment satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the establishment's performance as and when the establishment performs; or
- The establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The establishment's performance does not create an asset with an alternative use to the establishment and the establishment has an enforceable right to payment for performance completed to date.

***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.

**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 most significant effect on the amounts recognized in the financial statements pertains to impairment. At each reporting date, management conducts an assessment of property, plant and equipment, and 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 the statement of profit or loss and other 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.

**ASHAPURA MINECHEM (UAE) FZE**

**Notes to the Financial Statements  
for the year ended 31 March 2019**

**4.2 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 follows:

**Carrying values of property, plant and equipment**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

**Impairment of other receivables**

Management regularly undertakes a review of the amounts of other receivables and assess the likelihood of non-recovery. Such assessment is based upon the age of the debt, historic recovery rates and assessed credit worthiness of the receivable. Based on the assessment assumptions are made as to the level of provisioning required.

**Impairment**

Assessment of net recoverable amount of property, plant and equipment and all financial assets other than loans and receivables, per above, are based on assumptions regarding future cash flows expected to be received from related assets.

**Impairment of trade receivable**

An estimation of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of past time due, based on anticipated recovery rates.

**5. Property, plant and equipment**

	<i>Furniture fixtures &amp; office equipment US \$</i>
<i>(2019)</i>	
<b>Cost</b>	
As at 01.04.2018	
As at 31.03.2019	<u>22,872</u>
	<u>22,872</u>
<b>Depreciation</b>	
As at 01.04.2018	
Charge for the year	22,396
As at 31.03.2019	<u>131</u>
	<u>22,527</u>
<b>Net book value</b>	
As at 31.03.2019	<u>345</u>
As at 31.03.2018	<u>476</u>

## ASHAPURA MINECHEM (UAE) FZE

Notes to the Financial Statements  
for the year ended 31 March 2019

## Property, plant and equipment (cont'd)

	<i>Furniture fixtures &amp; office equipment US \$</i>
<i>(2018)</i>	
<b>Cost</b>	
As at 01.04.2017	22,872
As at 31.03.2018	<u>22,872</u>
<b>Depreciation</b>	
As at 01.04.2017	22,265
Charge for the year	131
As at 31.03.2018	<u>22,396</u>
<b>Net book value</b>	
As at 31.03.2018	<u>476</u>
As at 31.03.2017	<u>607</u>

## 6. Investments

	<i>Country of Incorporation</i>	<i>% of Ownership</i>	<i>2019 US \$</i>	<i>2018 US \$</i>
<b>Investment in subsidiaries:</b>				
Ashapura Holdings (UAE) FZE	U.A.E	100	40,872	40,872
PT Ashapura Resources Indonesia	Indonesia	100	-	1,000,000
			<u>40,872</u>	<u>1,040,872</u>
<b>Investment in joint ventures/associates:</b>				
Ashapura Midgulf NV	Belgium	48.975	2,131,147	2,131,147
Ashapura Fareast SDN. BHD. (formerly known as Hudson-MPA SDN. BHD.)	Malaysia	25	1,089,464	1,089,464
			<u>3,220,611</u>	<u>3,220,611</u>
<b>Total investments</b>			<u>3,261,483</u>	<u>4,261,483</u>
<b>Share of net book value of investments as at 31 March 2019</b>				
Ashapura Holdings (UAE) FZE			1,025,895	1,374,310
PT Ashapura Resources Indonesia			-	454,878
Ashapura Midgulf NV			1,750,862	2,064,475
Ashapura Fareast SDN. BHD. (As of 31 December 2018)			446,083	496,797
			<u>3,222,840</u>	<u>4,390,460</u>

- All the above investments are pledged to an overseas company against loan of US \$ 14,990,000 availed by wholly owned subsidiary, Ashapura Holdings (UAE) FZE.

- The principal activity of Ashapura Holdings (UAE) FZE is investment of own resources and import, export and distribution of industrial materials.

- The principal activity of Ashapura Midgulf NV is development, manufacture and marketing of natural minerals.

**ASHAPURA MINECHEM (UAE) FZE**
**Notes to the Financial Statements  
for the year ended 31 March 2019**
**Investments (cont'd)**

- This represent investment in Ashapura Fareast SDN. BHD. transferred at cost (comprising share and premium price paid) from the ultimate parent company. The principal activity of the company is manufacturing & exporting of industrial absorbents.

	2019 <u>US \$</u>	2018 <u>US \$</u>
<b>7. Trade and other receivables</b>		
Trade receivables	1,179	-
Loan to a business associate	430,276	155,395
Advance to a related party – on trade account	264,000	264,000
Advances for expenses	3,157	126,753
VAT receivables	114	343
Deposits	23,491	24,036
	<u>722,217</u>	<u>570,527</u>
<b>8. Cash and cash equivalents</b>		
Cash on hand	292	1,254
Bank balance in:		
Current accounts	608,251	2,984,176
	<u>608,543</u>	<u>2,985,430</u>
<b>9. Share capital</b>		
<b>Issued and paid up:</b>		
68 shares of AED 150,000 (converted @ 3.67)	<u>2,778,690</u>	<u>2,778,690</u>
	2019 <u>US \$</u>	2018 <u>US \$</u>
<b>10. Other income</b>		
Interest income	24,882	4,025
Miscellaneous income	750,589	-
	<u>775,471</u>	<u>4,025</u>
<b>11. Other administrative expenses</b>		
Staff salaries and benefits	221,752	214,210
Rent and license expenses	21,057	21,110
Service fees	160,546	-
Other administrative expenses	119,672	69,754
Depreciation	131	131
	<u>523,158</u>	<u>305,205</u>



## ASHAPURA MINECHEM (UAE) FZE

Notes to the Financial Statements  
for the year ended 31 March 2019

## 12. Related parties transactions and balances

The company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. Related parties are the entities which possess the ability (directly or indirectly) to conduct or exercise significant influence over the operating and financial decision of the company or vice versa and it is subject to common control or common significant influence. Related parties comprise the parent company, fellow subsidiaries, directors, companies under common ownership and/or common management control and associates as under:

**Parent shareholder company**

- Ashapura Minechem Limited, India

**Subsidiaries**

- Ashapura Holdings (UAE) FZE, Hamriyah Free Zone, Sharjah, UAE
- PT Ashapura Resources Indonesia, Jakarta, Indonesia<sup>^</sup>

**Step down subsidiaries**

- Ashapura Maritime FZE, Hamriyah Free Zone, Sharjah, UAE
- Ashapura Guinea Resources SARL, Republic of Guinea<sup>^</sup>
- PT Ashapura Bentoclay Fareast

**Joint Venture**

- Ashapura Midgulf NV, Belgium

**Associate**

- Ashapura Fareast SDN. BHD.

<sup>^</sup> The entities cease to remain as the subsidiary following closure / change in the shareholding and control in these entities.

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

	2019 US\$	2018 US\$
<b>Transactions and balances:</b>		
• <b>Interest charged by a related party:</b>		
- Parent shareholder company	231,456	221,578
• <b>Purchase</b>		
- Fellow subsidiary	-	788,600
• <b>Due to related parties (funding account):</b>		
- Parent shareholder company – interest bearing	3,403,165	3,171,709
- Subsidiary company – non-interest bearing	-	455,892
	<u>3,403,165</u>	<u>3,627,601</u>
• <b>Advances on trade account:</b>		
- Parent shareholder company	264,000	264,000
• <b>Loans to a related party:</b>		
- Loan to a business associate	430,276	155,395
- Subsidiary establishment	170,013	5,494,735

**ASHAPURA MINECHEM (UAE) FZE****Notes to the Financial Statements  
for the year ended 31 March 2019****Related parties transactions and balances (cont'd)**

Loans to and from the related parties and associate are unsecured and without any fixed repayment schedule. Loan to the related parties and associate are interest free. Loan from the parent shareholder company carries interest charge of 6.53% per annum. The establishment has pledged its shares held in its wholly own / partly owned subsidiary companies in favor of an overseas company against loan availed.

Funding transactions with related parties as disclosed in due from and due to related parties represents interest free and or bearing funds provided or received to meet with working capital requirements.

**13. 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, trade and other receivables and amounts due from related parties. The establishment's bank balance in current accounts are placed with high credit quality financial institution. Amounts due from related parties, trade 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.

ASHAPURA MINECHEM (UAE) FZE

Notes to the Financial Statements  
for the year ended 31 March 2019

**Financial instruments: Credit, liquidity and market risk exposures (cont'd)**

**Currency risk (cont'd)**

	2019	2018
	US \$	US \$
<b>Foreign currency assets:</b>		
<i>Investment</i>		
European Union Euro	2,131,147	2,131,147
Malaysian Ringgit	1,089,464	1,089,464
<i>Trade and other receivables</i>		
Indian Rupees	264,000	264,000
<b>Foreign currency liabilities:</b>		
<i>Due to a related party</i>		
Indian Rupees	3,403,165	3,171,709

**14. 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.

**15. Financial instruments: Fair value**

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

**16. Contingent liability and capital commitment**

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

**17. Comparative figures**

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

**18. Approval of the financial statements**

The financial statements were approved by the Board of Directors and authorized for issue on 14 May 2019.

