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مبارك الكتبي لمراجعة الحسابات
MUBARAK ALKETBI CHARTERED ACCOUNTANTS



**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**



**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH - UNITED ARAB EMIRATES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

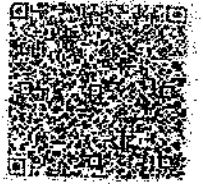
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MUBARAK ALKETBI CHARTERED ACCOUNTANTS



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY
RAS AL KHAIMAH, UNITED ARAB EMIRATES**

Report on the audit of the financial statements:

Opinion:

We have audited the accompanying financial statements of Panol Industries RMC FZE, ("the Company"), for the year ended **March 31, 2019**, which comprise of the Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted in the United Arab Emirates ("U.A.E").

An independent confirmation from the bank in respect of the company's bank accounts balances and any related information is still awaited.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **March 31, 2019** and of the results of its operations for the year ended are in accordance with International Financial Reporting Standards (IFRSs).

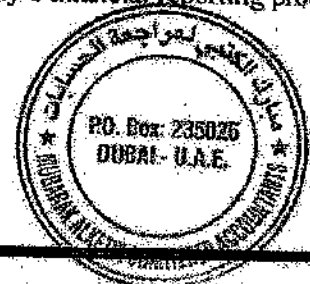
Basis for Opinion:

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 the report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Entity's financial statements in the United Arab Emirates. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the 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 International Financial Reporting Standards and compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so. The Management is responsible for overseeing the Entity'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 include 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:

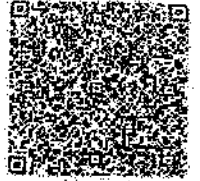
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 Entity's ability to continue as a going concern. 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 Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entity and business activities within the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Entity audit. We remain solely responsible for our audit opinion.

We communicate with management 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.

MUBARAK AL KETBI CHARTERED ACCOUNTANTS

Mubarak Saeed Bakhit Alketbi
Reg. No. 958
Dubai, United Arab Emirates
May 08, 2019





PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019


	Note	31 March 2019	31 March 2018
Arab Emirates Dirham			
NON - CURRENT ASSETS			
Fixed Asset	4	26,900,674	24,805,907
Capital work in progress			1,200,000
		26,900,674	26,005,907
CURRENT ASSETS			
Inventory	5	38,628,526	28,521,654
Trade receivables	6	26,608,327	1,042,292
Advances, deposits and prepayments	7	8,477,270	18,235,170
Cash and cash equivalents	8	2,047,721	1,231,532
		75,761,844	49,030,648
CURRENT LIABILITIES			
Trade payables	9	19,053,912	20,152,009
Short Term borrowings	10	29,262,932	8,766,576
Other payable	11	2,851,232	196,232
		51,168,076	29,114,817
NET CURRENT ASSETS		24,593,768	19,915,831
TOTAL NET ASSETS		51,494,442	45,921,738
EQUITY AND LIABILITIES			
EQUITY FUNDS			
Share capital	2	33,018,000	33,018,000
Retained earnings		18,476,442	12,903,738
		51,494,442	45,921,738
TOTAL EQUITY AND LIABILITIES		51,494,442	45,921,738

The annexed notes on pages 7 to 13 form an integral part of these financial statements.

The independent auditor's report is set forth on page 1 - 2.

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgment underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

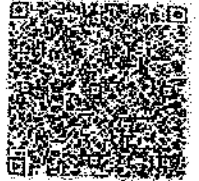
These financial statements have been approved and signed by the undersigned on 08 May 2019.


 Authorized Signatory



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MUBARAK ALKETBI CHARTERED ACCOUNTANTS

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

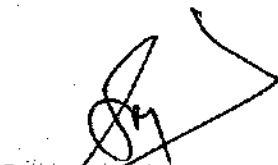
	Note	31 March 2019	31 March 2018
Arab Emirates Dirham			
SALES		100,602,268	89,134,656
Cost of sales	12	(82,858,915)	(79,773,978)
GROSS PROFIT		17,743,353	9,360,678
Admin., selling and general expenses	13	(9,317,292)	(3,071,003)
OPERATING PROFIT		8,426,061	6,289,675
Indirect income		97,430	164,117
Financial charges	14	(2,950,787)	(1,281,488)
COMPREHENSIVE INCOME FOR THE YEAR		5,572,704	5,172,304

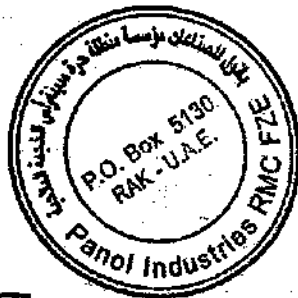
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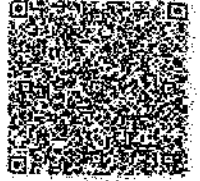
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MUBARAK ALKETBI CHARTERED ACCOUNTANTS

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

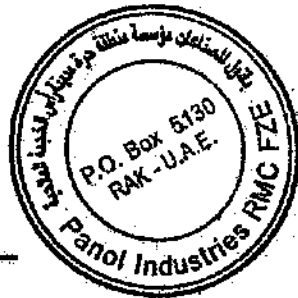
	Share capital	Retained earnings	Total
Arab Emirates Dirham			
As at 31 March 2017	33,018,000	7,731,434	40,749,434
Comprehensive income for the year	-	5,172,304	5,172,304
As at 31 March 2018	33,018,000	12,903,738	45,921,738
Comprehensive income for the year	-	5,572,704	5,572,704
As at 31 March 2019	33,018,000	18,476,442	51,494,442

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MUBARAK ALKETBI CHARTERED ACCOUNTANTS

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

Note	31 March 2019	31 March 2018
Arab Emirates Dirham		
Cash flows from operating activities		
Comprehensive income for the year	5,572,704	5,172,304
Adjustments for:		
Depreciation	1,051,444	1,050,544
Operating income before changes in operating assets and liabilities	6,624,148	6,222,848
Decrease / (Increase) in inventory	(10,106,872)	12,533,326
(Increase) / Decrease in trade receivables	(25,566,035)	2,630,468
(Increase) in advances, deposits and prepayments	9,757,900	(7,191,781)
Increase / (Decrease) in trade payables	(1,098,097)	(10,871,677)
(Decrease) / Increase in Short Term borrowings	20,496,356	(2,456,170)
Increase in Other payables	2,655,000	52,210
Net cash flow (used in) / from operating activities (A)	2,762,400	939,224
Cash flows from investing activities		
Increase in Fixed Assets	(3,146,211)	(256,363)
Capital work in progress	1,200,000	(1,200,000)
Net cash flow (used in) investing activities (B)	(1,946,211)	(1,456,363)
Net (decrease) / increase in cash and cash equivalents (A+B)	816,189	(517,139)
Cash and cash equivalents at beginning of the year	1,231,532	1,748,671
Cash and cash equivalents at end of the year	2,047,721	1,231,532

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MUBARAK ALKETBI CHARTERED ACCOUNTANTS

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1 LEGAL STATUS AND BUSINESS ACTIVITY

- 1.1 Panol Industries RMC FZE (the Establishment) is registered on 03 July 2012 as a free zone limited liability establishment in RAK Maritime City Free Zone, Ras Al Khaimah - United Arab Emirates.
- 1.2 The principal activity of the establishment is grease and lubricant manufacturing.
- 1.3 The management and control are vested with M/S. Panama Petrochem Ltd.
- 1.4 The registered address of the establishment is P.O.Box. 5130, Rak Maritime City, Ras Al Khaimah - U.A.E.
- 1.5 Mr. Samir Rayani and Mr. Amin Rayani appointed as director's of Panol Industries RMC FZE.

2 SHARE CAPITAL

The share capital and shareholding of the establishment is as follows.

Name	Nationality	No. of shares	Value per share	Total AED
1. M/S. Panama Petrochem Ltd.	India	33,018	1,000	33,018,000
		<u>33018</u>		<u>33,018,000</u>

- 2.1 The authorized and paid up share capital of the establishment is AED 33,018,000/- divided into 33,018 shares of AED 1,000/- each.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted and which have been consistently applied are as follows:

3.1 Basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of UAE Commercial Companies Law No. 8 of 1984, as amended.

3.2 Presentation currency

These financial statements have been expressed in UAE Dirham, which is the functional and domicile currency of the company.

The figures have been rounded off to the nearest UAE Dirhams.

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MUBARAK ALKETBI CHARTERED ACCOUNTANTS

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

3.3 Foreign currency transaction and translation

Transactions in foreign currencies are converted into UAE Dirhams at the rate of exchange ruling on the date of transaction. All assets and liabilities denominated in foreign currencies are translated into functional currency at exchange rate prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items at year end exchange rates, are charges to the statement of comprehensive income.

3.4 Intangible assets

An intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and costs of such assets can be measured reliably.

Intangible assets is amortized from the month when such asset is available for use on straight line method over its useful economic life.

3.5 Impairment of assets

The carrying value of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the assets carrying amount exceeds it recoverable amount. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. Impairment loss are charged to the statement of comprehensive income.

3.6 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to offset the recognized amounts and the company intends to settle on a net basis or realize the asset and settle the liability simultaneously.

3.7 Accounts receivable

Accounts receivable are recognized initially at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that company will not be able to collect all amounts due according to the original term of the Accounts receivable. The provision for doubtful debt is charged to the statement of comprehensive income for the year. When the trade receivables are uncollectible, it is written off against provision. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

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**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

3.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the FIFO methods. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are easily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.10 Accounts and other payable

Liabilities for creditors and other payables are carried out at cost which is the fair value of the consideration to be paid in the future for the goods or services received whether or not billed.

3.11 Provisions

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

3.12 Revenue recognition

Revenue from sales is recognized when all the following conditions have been satisfied;

- (i) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) The amount of revenue can be measured reliably;
- (iii) It is probable that the economic benefit associated with the transaction will flow to the entity; and
- (iv) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

3.13 Employees' end of service benefits

The amounts required to cover end of service benefits (gratuity) at the balance sheet date are computed as per the United Arab Emirates Federal Labour Law based on the employees' accumulated period of service and current basic salary at the end of reporting period.

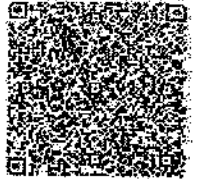
Employees' end of service benefits are accounted on cash basis payment.

3.14 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting standards requires the use of certain accounting estimates. It requires the management to exercise its judgments during applying the company's accounting policies. The areas where assumptions and estimates are significant to the financial statements, are residual and useful life of property, plant and equipment and provision for impairment of trade and other receivables.

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MUBARAK ALKETBI CHARTERED ACCOUNTANTS

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4 PROPERTY AND EQUIPMENT

	Factory Building		Plant & Machinery		Vehicles		Office equipment		Furniture and fixtures		Laboratory equipment		Total
	Arab Emirates Dirham												
Cost													
As at 01 April, 2018	9,452,140	18,113,229	387,303	53,854	20,476	45,224							28,082,228
Addition / (deletion)	283,250	2,852,016	-	945	-	-							3,146,211
As at 31 March, 2019	9,745,390	20,975,245	387,303	54,799	20,478	45,224							31,228,439
Accumulated depreciation													
As at 01 April, 2018	1,008,906	2,144,492	85,479	19,066	5,865	12,513							3,276,321
Charge for the year	299,658	689,040	45,991	10,513	1,946	4,296							1,051,444
As at 31 March, 2019	1,308,564	2,833,532	131,470	29,579	7,811	16,809							4,327,765
Net book value	8,436,826	18,141,713	255,833	25,220	12,667	28,415							26,900,674
Depreciation rate	3.33%	4%	12.5%	20%	10%	10%							



PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	31 March 2019	31 March 2018
Arab Emirates Dirham			
5 INVENTORY			
Inventory		38,628,526	28,521,654
6 TRADE RECEIVABLES			
Trade receivables		26,608,327	1,042,292
Aging			
1 to 30 days		13,498,904	158,764
31 to 60 days		863,184	791,543
61 to 90 days		-	91,985
Above 90 days		12,246,239	
		26,608,327	1,042,292
7 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances to suppliers		4,576,370	5,820,339
Prepayments		392,214	8,990,458
Other advances		3,508,686	3,424,373
		8,477,270	18,235,170
8 CASH AND CASH EQUIVALENTS			
Cash in Hand		37,894	1,964
Cash at bank		2,009,827	1,229,568
		2,047,721	1,231,532
9 TRADE PAYABLES			
Trade payables		19,053,912	20,152,009
Aging			
1 to 30 days		10,644,900	110,209
31 to 60 days		550,938	4,851
61 to 90 days		2,044,951	20,009,449
Above 90 days		5,813,123	27,500
		19,053,912	20,152,009
10 SHORT TERM BORROWINGS			
Secured borrowings		29,262,932	8,766,576

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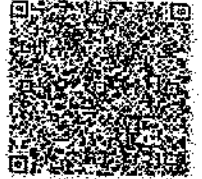
MUBARAK ALKETBI CHARTERED ACCOUNTANTS

PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	31 March 2019	31 March 2018
Arab Emirates Dirham			
11 OTHER PAYABLES			
Payable to Holding company		436,166	148,232
Advance received against orders		2,388,066	
Accrued salaries and wages		17,000	48,000
Other payables		10,000	
		2,851,232	196,232
12 COST OF SALES			
Opening Stock		28,521,654	41,074,980
Purchase (Included direct expenses)		92,965,787	67,220,652
Closing Stock		(38,628,526)	(28,521,654)
		82,858,915	79,773,978
13 ADMIN, SELLING AND GENERAL EXPENSES			
Salaries and benefits		250,896	307,066
Legal professional and visa charges		656,917	56,998
Rent, rates and taxes		404,296	359,041
Travelling and conveyance		225,717	188,492
Power and fuel		50,280	4,750
Water charges		32,871	58,934
Brokerage and commission		139,935	167,055
Telephone and courier charges		27,679	10,997
Insurance		198,125	99,113
Business promotion		56,412	6,825
Exchange rate loss		44,993	42,840
Repair and maintenance		119,747	113,415
Clearing & forwarding expenses		6,038,363	578,802
Depreciation	4	1,051,444	1,050,544
Other expenses		19,617	26,131
		9,317,292	3,071,003
14 FINANCIAL CHARGES			
Interest		2,135,413	847,051
Bank charges		815,374	434,437
		2,950,787	1,281,488

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MUBARAK ALKETBI CHARTERED ACCOUNTANTS

**PANOL INDUSTRIES RMC FZE
RAK MARITIME CITY, RAK - U.A.E.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15 FINANCIAL INSTRUMENTS

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed comprise credit, currency and liquidity and cash flow interest rate risks.

Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank balances and trade and other receivables.

Credit risk relating to trade receivables is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

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

There are no significant exchange rate risk as substantially all financial assets and liabilities are denominated in AED.

16 FAIR VALUE

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortized cost approximates to their carrying values.

17 CONTINGENCIES AND COMMITMENTS

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or commitment on entity's financial statements as of financial position date.

18 DATE OF AUTHORIZATION

These financial statements have been approved and signed by the undersigned on 08 May 2019.

Authorized signatory

