VEEDOL INTERNATIONAL DMCC
DUBAI

Financial statements

Year ended March 31, 2021

VEEDOL INTERNATIONAL DMCC, DUBAI

Financial statements for the year ended March 31, 2021

Contents

VEEDOL INTERNATIONAL DMCC, DUBAI

Directors' report

The Directors have pleasure in submitting their annual report and financial statements of Veedol International DMCC, Dubai ("the Company") for the year ended March 31, 2021.

Activities

The principal activities of the Company continue to be trading in lubricants and grease.

Financial position

During the year, the Company achieved a turnover of AED 24,155,800 (3970 Kiloliters) as against AED 26,717,159 (4283 Kiloliters) in the previous year. The Company has realised a net profit of AED 162,722 as compared to net profit of AED 170,172 in the previous year. Its net asset position reached at AED 1,306,199 as at March 31, 2021 (2020: AED 1,143,477).

For and behalf of the Board

Rajendra Nath Ghosal
Director
May 19, 2021

P.O. Box: 117019
DUBAI - U.A.E.
VEEDOL INTERNATIONAL DMCC

هاتف : ٦٦٦٦ ٥١٨ ٤ ٩٧١+
فاكس : ٠١٥١ ٢٢٧ ٤ ٩٧١+

الطابق ٢٣، برجمان برج المكاتب
شارع الشيخ خليفة بن زايد،
ص ب ١٩٦١، دبي، ا.ع.م

Tel: +971 4 518 6666
Fax: +971 4 227 0151
info@bdo.ae
www.bdo.ae

23rd floor, Burjuman Office Tower
Sheikh Khalifa Bin Zayed Road
P O Box 1961, Dubai, UAE

Independent Auditor's Report

To the Shareholder of Veedol International DMCC, Dubai

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Veedol International DMCC, Dubai ("the Company") which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SME).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SME, and their preparation in compliance with the applicable provisions of the Dubai Multi Commodities Centre Authority (DMCCA) Company Regulations 2020 ("the Regulations"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 (Continued)

To the Shareholder of Veedol International DMCC, Dubai (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the Regulations, we report that:

1. The financial statements have been prepared, in all material respects, with the applicable provisions of the Regulations; and
2. Based on the information that has been made available to us during our audit, nothing has come to our attention which causes us to believe that the Branch has undertaken, in all material respects, activities other than those referred to in note 1 and as permitted in its license issued by DMCCA.

BDO CHARTERED ACCOUNTANTS & ADVISORS
Dubai
Yunus Yusuf Saifee
Reg. No. 418
May 19, 2021

VEEDOL INTERNATIONAL DMCC, DUBAI

Statement of financial position as at March 31, 2021

			2020
	Note	AED	AED
Non-current assets			
Furniture, fixtures and equipment	5	55,779	36,280
Advances	7	256,184	250,246
Total non-current assets		311,963	286,526
Current assets			
Trade and other receivables	7	9,589,072	9,213,571
Due from related parties	8	62,560	325,490
Bank balances and cash	9	1,026,096	1,081,881
Total current assets		10,677,728	10,620,942
Current liabilities			
Trade and other payables	10	8,776,162	6,330,892
Due to related parties	8	334,937	428,822
Bank overdrafts	11	87,328	2,377,328
Total current liabilities		9,198,427	9,137,042
Net current assets		1,479,301	1,483,900
Non current liabilities			
Provision for employees' end of service benefits	12	485,065	626,949
Net assets		1,306,199	1,143,477
Equity			
Share capital	13	2,000,000	2,000,000
Accumulated deficit		(693,801)	(856,523)
Total equity		1,306,199	1,143,477

The financial statements have been approved by the Board of Directors on May 19, 2021 and are signed on its behalf by:

Rupesh Dahiwlikar
Finance Manager

P.O. Box: 117019
DUBAI - U.A.E.
VEEDOL INTERNATIONAL DMCC

Rajendra Nath Ghosal
Director

The notes on pages 8 to 19 form part of these financial statements

Statement of comprehensive income for the year ended March 31, 2021

	Note	AED	2020 AED
Revenue	14	**24,155,800**	26,717,159
Cost of sales	15	**(17,763,473)**	(18,853,375)
Gross profit		**6,392,327**	7,863,784
Other income	16	**270,582**	236,408
		6,662,909	8,100,192
Administration, selling and general expenses	17	**(6,476,312)**	(7,851,566)
Finance costs	18	**(23,875)**	(78,454)
		(6,500,187)	(7,930,020)
Net profit for the year		**162,722**	170,172

The notes on pages 8 to 19 form part of these financial statements

Statement of changes in equity for the year ended March 31, 2021

	Share capital	Accumulated deficit	Total equity
	AED	AED	AED
Balance at April 1, 2019	2,000,000	(1,026,695)	973,305
Total comprehensive income for the year	-	170,172	170,172
Balance at March 31, 2020	**2,000,000**	**(856,523)**	**1,143,477**
Total comprehensive income for the year	-	162,722	162,722
Balance at March 31, 2021	**2,000,000**	**(693,801)**	**1,306,199**

The notes on pages 8 to 19 form part of these financial statements

VEEDOL INTERNATIONAL DMCC, DUBAI

Statement of cash flows for the year ended March 31, 2021

			2020
Cash flows from operating activities	**Note**	**AED**	**AED**
Net profit for the year		**162,722**	170,172
Adjustments for :			
Depreciation furniture, fixtures and equipments	5	**36,243**	16,482
Amortisation of intangible assets	6	**-**	11,142
Interest expense	18	**23,875**	78,454
Provision for employees' end of service benefits	12	**134,718**	53,906
Operating profit before working capital changes		**357,558**	330,156
(Increase)/decrease in trade and other receivables	7	**(381,439)**	1,903,142
Decrease in due from related parties	8	**262,930**	346,866
Increase/(decrease) in trade and other payables	10	**2,445,270**	(1,025,947)
Decrease in due to related parties	8	**(93,885)**	(848,951)
Cash generated from operations		**2,590,434**	705,266
Interest paid	18	**(23,875)**	(78,454)
Payment of end of service benefits	12	**(276,602)**	(251,612)
Net cash generated from operating activities		**2,289,957**	375,200
Cash flows from investing activities			
Purchase of furniture, fixtures and equipment	4	**(55,742)**	(32,960)
Net cash used in investing activities		**(55,742)**	(32,960)
Net increase in cash and cash equivalents		**2,234,215**	342,240
Cash and cash equivalents at beginning of the year		**(1,295,447)**	(1,637,687)
Cash and cash equivalents at end of the year	19	**938,768**	(1,295,447)

The notes on pages 8 to 19 form part of these financial statements

1 Status and activity

Veedol International DMCC, Dubai ("the Company") is registered with limited liability under the Dubai Multi Commodities Centre Authority (DMCCA) Company Regulations 2020.

The principal activities of the Company include trading in lubricants and grease.

The principal place of business of the Company is located at Unit number 1501, Indigo Icon, Jumeirah Lake Towers, Dubai.

The parent company of the Company is Tide Water Oil Co. (India) Limited ("the Parent"), a company registered in India.

The financial statements for the year ended March 31, 2021 were authorised for issue by the Board of Directors on May 19, 2021.

These financial statements are presented in UAE Dirhams (AED).

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the 'International Financial Reporting Standards for Small and Medium-sized Entities' (IFRS for SMEs). The Company does not have public accountability as it neither has debt or equity instruments which are traded in a public market nor it is in the process of issuing such instruments. The Company also does not hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary business. The financial statements have been prepared under historical cost convention, except where otherwise stated in the accounting policies below.

3 Significant accounting policies

The significant accounting policies adopted by the Company are as follows:

Furniture, fixtures and equipment

Furniture, fixtures and equipment are initially recognised at cost. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a part of furniture, fixtures and equipment is recognized in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

The routine servicing of the furniture, fixtures and equipment are recognized in the statement of comprehensive income.

An item of furniture, fixtures and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of items of furniture, fixtures and equipment is determined as the difference between the sales proceeds and the carrying value of the assets and it is recognised in the statement of comprehensive income.

Depreciation

Depreciation is provided consistently on a straight line basis so as to write off the cost of furniture, fixtures and equipment over their estimated useful lives as follows:

Office equipment	2 - 3 years
Tools and equipment	2 - 3 years
Furniture and fixtures	5 - 6 years

3 Significant accounting policies *(Continued)*

Software

Software acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are then amortised using the straight line method over their useful life of 3 years. Amortisation is included in the administrative expenses in the statement of profit or loss and other comprehensive income.

Financial assets

Financial assets are classified into the following specified categories: cash and cash equivalents, debt instruments measured at amortised cost, financial assets at fair value through profit or loss and financial assets that are equity instruments measured at cost less impairment (where fair value is not available without undue cost or effort).

Financial asset is classified as a debt instrument measured at amortised cost where it results in a fixed amount or a fixed rate of return or a variable return benchmarked to a quoted or observable interest rate, over the life of the financial instrument. For these financial assets, there is no contractual and conditional provision that could, by its terms result in the holder losing the principal amount or any interest attributable to current or prior periods.

Other debt and equity instruments are classified as fair value through profit or loss except for equity instruments which are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort. Such equity instruments are measured at cost less impairment.

The initial recognition of all the financial assets is at transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction for debt instruments at amortised cost. If the arrangement constitutes a financing transaction, the Company measures the debt instrument at amortised cost, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

The amortised cost of a financial asset comprise of the amount at which financial asset is measured at initial recognition together with cumulative amortisation using the effective interest method less repayments and impairment.

The Company's debt instruments at amortised cost comprise of trade and other receivables (excluding prepayments) and due from related parties that have fixed or determinable payments.

The Company derecognises a financial asset when either:

- the contractual rights to the cashflows from the financial asset expire or are settled;
- the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Company has transferred control of the asset to another party and the other party has the practical unilateral ability to sell the asset in its entirety to an unrelated third party

Cash and cash equivalents

For the purposes of the statement of financial position, cash and cash equivalents include cash and bank balances free of encumbrance.

For the purposes of the statement of cash flows, cash and cash equivalents include cash, bank balances and bank overdrafts free of encumbrance. Bank overdrafts are shown in current liabilities on the statement of financial position.

3 Significant accounting policies *(Continued)*

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not have any liabilities which is to be designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include trade payables, other short-term monetary liabilities and due to related parties, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in ‘Arab Emirates Dirham’ (AED), which is the Company’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Impairment

(1) Financial assets

A financial asset is assessed at each reporting date to determine whether a financial asset or group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. Where such evidence exists, the Company recognises an allowance for impairment.

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases, and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(2) Non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment.

3 Significant accounting policies *(Continued)*

(2) Non-financial assets (Continued)

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

Provision for employees' end of service benefits

Provision is made for employees' end of service benefits on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position.

Provisions

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money, and, where appropriate the risks specific to the liability. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of profit or loss and other comprehensive income when changes arise.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Contingent Liabilities

Contingent liabilities are a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company, or a present obligation that arises from past events where it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Leasing

The Company recognises a finance lease where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company. The asset is treated as if it had been purchased outright and the amount initially recognised is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease.

3 Significant accounting policies *(Continued)*

Leasing (Continued)

The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the statement of profit or loss and other comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Revenue recognition

Revenue from the sales of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the terms of contract are fulfilled to the buyer.

Finance costs

Interest expense and similar charges are payable on bank overdrafts held at amortised cost. Interest expense is measured using the effective interest method, with interest expense recognised on an effective yield basis.

Value added tax (VAT)

VAT asset/liability is recorded in the financial statements of the Company based on the requirements of the regulations as defined by the Federal Tax Authority (FTA).

Expenses and assets are recognised net of the amount of value added tax, except:

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised 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 value added tax included

The net amount of value added tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the financial statements.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the management makes certain judgments, estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Useful life of intangible assets

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

4 Critical accounting judgments and key sources of estimation uncertainty *(Continued)*

Useful life of intangible assets (Continued)

Management considered factors such as technological development and continued relevance of the intangible assets towards the Company's operations in order to estimate their useful life. Revisions to these adjustments would be required if there are significant change in the assumptions.

Impairment of intangible assets

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. Intangible assets of the Group represent the cost of obtaining necessary approval to use the licenses and software. Management has estimated a life of 5 years to amortise the intangibles. Revisions to these adjustments would be required if there are significant change in the assumptions.

Useful life of furniture, fixtures and equipment

Furniture, fixtures and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Impairment of furniture, fixtures and equipment

The Company reviews its furniture, fixtures and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgment as to whether there is any observable data indicating that there is a reduction in the carrying value of furniture, fixtures and equipment. Accordingly, provision for impairment is made when there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of furniture, fixtures and equipment.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances.

Assessment of key sources of estimation uncertainty due to COVID-19

The extent to which the coronavirus pandemic impacts the Company's business, operations and financial results is uncertain and depends on many factors and future developments. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by the government authorities to reduce the speed of the pandemic and the impact of those actions on economic activity, the business of the Company's customers and other factors remain unchanged.

As of the date of the preparation of these financial statements, the impact of COVID-19 outbreak to the Company's operations is disclosed in Note 22. The Company will continue to evaluate the nature and extent of the impact on its business and financial results.

The Company has reviewed the key sources of estimation uncertainties against the backdrop of COVID-19 pandemic. Management believes that all sources of estimation uncertainty remain unchanged from those described above. The Company will continue to monitor the situation, and any changes required will be reflected in future reporting periods.

5 Furniture, fixtures and equipment

Movements in furniture, fixtures and equipment are given on page 19.

6 Software

		2020
	AED	AED
Beginning balance	-	11,142
Amortisation during the year	-	(11,142)

7 Trade and other receivables

		2020
	AED	AED
Trade receivables without Letters of Credit	**7,006,459**	6,665,879
Trade receivables with Letters of Credit	**2,069,257**	1,780,747
Advances	**401,544**	518,293
Other receivables	**265,390**	381,854
Trade and other receivables at amortised cost	**9,742,650**	9,346,773
Add : Prepayments	**102,606**	117,044
Less: Non-current portion of advances	**(256,184)**	(250,246)
Total trade and other receivables	**9,589,072**	9,213,571

Trade and other receivables which are classified as loans and other receivables approximates to the fair value. No interest is charged on trade receivables. Trade receivables are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

Advances includes advances of AED 401,543 (2020: AED 502,293) pertains to signages and equipment support to distributors, which are amortised over the period of contract. The amortisation for the 12 months after the statement of financial position date is classified as non current.

8 Related party disclosures

Related parties include the parent company, key management personnel and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due to/from such parties, which have been disclosed separately in the financial statements, are unsecured, interest-free and are repayable on demand.

The significant related party transactions during the year are as follows:

		2020
	AED	AED
Parent company		
Commission income:		
- Tide Water Oil Co. (India) Limited	**270,582**	162,528

8 Related party disclosures *(Continued)*

Other related parties		
Purchases:		
- Granville Oil & Chemicals Limited - UK	**1,911,453**	1,795,981
Royalty expense:		
- Veedol International Limited - UK	**1,198,331**	1,335,815
Key management personnel:		
- Salaries and other benefits	**487,200**	475,718

This includes long term end of service benefits amounting to AED - for the year.

Related party balances are as under :

		2020
	AED	**AED**
Receivables :		
Other related party		
- Veedol International Americas Inc.	**-**	95,363
- Tide Water Oil Co. (India) Limited	**62,560**	68,537
- Veedol International Limited - UK	**-**	161,590
	62,560	325,490
Payables :		
Veedol International Americas Inc.	**-**	13,852
Tide Water Oil Co. (India) Limited	**-**	4,113
Veedol International Limited - UK	**173,784**	170,353
Granville Oil & Chemicals Limited - UK	**161,153**	240,504
	334,937	428,822

9 Bank balances and cash

		2020
	AED	**AED**
Cash on hand	**2,806**	1,675
Current accounts with banks	**1,023,290**	1,080,206
	1,026,096	1,081,881

10 Trade and other payables

		2020
	AED	AED
Trade payables	**6,693,840**	4,646,873
VAT payable	**19,779**	10,552
Accruals and other payables	**2,062,543**	1,673,467
	8,776,162	6,330,892

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame. The trade and other payables which are classified as financial liabilities measured at amortised cost approximate fair value.

11 Bank overdrafts

Bank overdrafts are secured by the corporate guarantee given by the Parent.

12 Provision for employees' end of service benefits

		2020
	AED	AED
Opening balance	**626,949**	824,655
Additional provision for the year	**134,718**	53,906
Paid during the year	**(276,602)**	(251,612)
	485,065	626,949

13 Share capital

		2020
	AED	AED
Authorised, issued and paid up capital:		
2,000 shares of AED 1,000 each	**2,000,000**	2,000,000

14 Revenue

		2020
	AED	AED
Sale of goods	**25,843,511**	29,368,077
Price support to dealers	**(1,687,711)**	(2,650,918)
	24,155,800	26,717,159

15 Cost of sales

		2020
	AED	AED
Material consumed	**17,425,936**	18,778,911
Other direct costs	**337,537**	74,464
	17,763,473	18,853,375

16 Other income

		2020
	AED	AED
Commission income	**270,582**	162,528
Foreign exchange loss- realised	**-**	73,880
	270,582	236,408

Commission income is received from the parent company.

17 Administration, selling and general expenses

		2020
	AED	AED
Salaries and other benefits	**3,569,911**	3,954,416
Royalty	**1,198,331**	1,335,815
Rent and license fees	**156,000**	152,087
Communication	**92,786**	83,741
Travelling, conveyance and vehicle expenses	**84,192**	247,677
Selling and marketing expenses	**881,520**	1,625,844
Legal and professional fees	**219,269**	188,094
Printing and stationery	**5,792**	5,886
Repairs and maintenance	**23,903**	15,006
Depreciation	**36,243**	16,482
Amortization of intangible assets	**-**	11,142
Bank charges	**80,345**	93,479
Other	**128,020**	121,897
	6,476,312	7,851,566

Royalty represents the fee payable to Veedol International Limited, incorporated in the United Kingdom, for marketing "Veedol" brand lubricants in various regions. The fee is worked out at a fixed percentage on net sales value as mutually agreed.

18 Finance costs

This represents interest expense on bank overdrafts.

19 Cash and cash equivalents

		2020
	AED	AED
Bank balances and cash	**1,026,096**	1,081,881
Bank overdrafts	**(87,328)**	(2,377,328)
	938,768	(1,295,447)

The carrying amount of these assets approximates to their fair value.

20 Operating leases

As at March 31, 2021, the future minimum lease payments under non-cancelable operating leases are as set out below:

		2020
	AED	**AED**
Not later than one year	**120,000**	120,000
Later than one year, but less than five year	**190,000**	310,000
	310,000	430,000

21 Contingent liabilities

There are no contingent liabilities as at the date of statement of financial position.

22 Impact of Covid-19

In light of the rapid spread of COVID-19, which was declared as a pandemic by World Health Organization ("WHO") during March 2020, various economies and sectors have faced significant disruptions due to global travel restrictions and total lockdown in most countries of the world, with negative implication on the global economy and social life. Given the scale of the outbreak, the Company has assessed the potential impacts of the outbreak on its operations due to the restrictions placed by various government to curb or delay the spread of COVID-19. The Company has ensured to implement health and safety measures for its employees and clients.

Veedol, as a global brand, is taking active measures to minimise service disruption, including activating business continuity plans across all its global offices in alignment with local government guidelines and directives, cessation of business travel, and implementing flexible working arrangements, such as work from home and weekly team rotation schedules. The Company operates mainly in oil and gas industry, wherein the Company does not expect that the outbreak will likely impact the prices and demand of the services. COVID-19 factors have impacted certain estimates and judgments considered by the Company for the year ended March 31, 2021. Refer to note 4 for such disclosures on changes in such key estimates and judgments. The Company continues to actively monitor the condition and its impacts on the financial statements.

23 Comparative figures

Previous year's figures which were not material have been regrouped or reclassified wherever necessary to make them comparable with those of the current year.

Schedule of furniture, fixtures and equipment

	Office equipment	Tools and equipment	Furniture and fixtures	Total
Cost	**AED**	**AED**	**AED**	**AED**
At April 1, 2019	103,082	146,727	309,415	559,224
Additions during the year	32,960	-	-	32,960
At March 31, 2020	136,042	146,727	309,415	592,184
Additions during the year	6,550	48,234	958	55,742
At March 31, 2021	**142,592**	**194,961**	**310,373**	**647,926**
Depreciation				
At April 1, 2019	97,103	146,727	295,592	539,422
Charge for the year	10,408	-	6,074	16,482
At March 31, 2020	107,511	146,727	301,666	555,904
Charge for the year	17,636	12,490	6,117	36,243
At March 31, 2021	**125,147**	**159,217**	**307,783**	**592,147**
Net Book Value				
At March 31, 2021	**17,445**	**35,744**	**2,590**	**55,779**
At March 31, 2020	28,531	-	7,749	36,280