

Badve Engineering Trading FZE

Financial statements

31 March 2022

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INDEPENDENT AUDITORS' REPORT

THE SHAREHOLDER'S BADVE ENGINEERING TRADING FZE

Opinion

We have audited the financial statements of **Badve Engineering Trading FZE** ("the Establishment"), which comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Establishment as at 31 March 2022, and its financial performance and its cash flows for the year then ended 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 our report. We are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 compliance with Memorandum and Articles of Association and the applicable provisions of concerning Ras Al Khaimah Economic Zone (RAKEZ), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

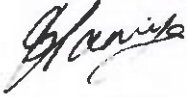
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

We have obtained all the information and explanations we required for the purpose of our audit, and to the best of our knowledge and belief, no breach of the Law or the Memorandum of Association has occurred during the year which would have had a material effect on the Establishment's business or financial position.

For Rao & Ross Auditing of Accounts



Sachin R. Paniya (Registration no. 1173)
Dubai, United Arab Emirates
Dated: 01 June 2022



Badve Engineering Trading FZE

Statement of financial position

As at 31 March 2022

	<i>Notes</i>	<i>2022</i>	<i>2021</i>
		<i>AED</i>	<i>AED</i>
ASSETS			
Non-current assets			
Plant and equipment	6	1,188,525	219,420
		<u>1,188,525</u>	<u>219,420</u>
Current assets			
Inventories	7	18,396,093	15,079,545
Trade receivables	8	144,670,918	74,817,284
Advances and other receivables	9	46,043,551	18,645,459
Cash and bank balances	10	5,055,250	5,063,083
		<u>214,165,812</u>	<u>113,605,371</u>
TOTAL ASSETS		<u>215,354,337</u>	<u>113,824,791</u>
EQUITY & LIABILITIES			
Equity			
Share capital		5,839,000	5,839,000
Retained earnings		15,115,213	7,238,958
Total equity		<u>20,954,213</u>	<u>13,077,958</u>
Shareholder's current account	11	76,281,376	67,781,419
Total equity and shareholder's funds		<u>97,235,589</u>	<u>80,859,377</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	118,118,748	32,965,414
		<u>118,118,748</u>	<u>32,965,414</u>
Total current liabilities		<u>118,118,748</u>	<u>32,965,414</u>
TOTAL EQUITY AND LIABILITIES		<u>215,354,337</u>	<u>113,824,791</u>

For: Badve Engineering Trading FZE

Authorized Signatory

The attached notes 1 to 19 form part of financial statements

Badve Engineering Trading FZE
Statement of profit or loss and other comprehensive income

For the year ended 31 March 2022

	<i>Notes</i>	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i>
Revenue		246,762,223	144,271,405
Cost of revenue	13	(229,538,425)	(134,260,762)
Gross profit		17,223,798	10,010,643
Staff cost		(103,557)	(51,165)
Depreciation	6	(127,995)	(73,140)
Administrative, general & selling expenses	14	(3,377,661)	(2,095,324)
Profit from operations		13,614,585	7,791,014
Interest expense		(5,738,330)	(4,415,623)
Total comprehensive income for the year		7,876,255	3,375,391

For: Badve Engineering Trading FZE
Authorized Signatory

Badve Engineering Trading FZE
Statement of cash flows
For the year ended 31 March 2022

	<i>Notes</i>	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net comprehensive income for the year		7,876,255	3,375,391
Adjustments for :			
Depreciation		<u>127,995</u>	<u>73,140</u>
Operating profit before working capital changes		8,004,250	3,448,531
(Increase) in inventories		(3,316,548)	(3,203,011)
(Increase) in trade receivables		(69,853,634)	(8,225,675)
(Increase) / decrease in advances and other receivables		(27,398,092)	96,348
Decrease in duties & taxes		-	821
Increase in trade and other payables		85,153,334	6,396,671
Net cash (used in) operating activities		<u>(7,410,690)</u>	<u>(1,486,315)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment acquiring for plant and equipment		(1,097,100)	-
Net cash (used in) investing activities		<u>(1,097,100)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital introduced		-	5,739,000
Net movement in shareholder's current account		8,499,957	(3,158,377)
Net cash from financing activities		<u>8,499,957</u>	<u>2,580,623</u>
Net (decrease) / increase in cash and cash equivalents		(7,833)	1,094,308
Cash and cash equivalents - beginning of year		5,063,083	3,968,775
Cash and cash equivalents - end of year	10	<u>5,055,250</u>	<u>5,063,083</u>

The attached notes 1 to 19 form part of financial statements

Badve Engineering Trading FZE

 Statement of changes in equity
 For the year ended 31 March 2022

	<i>Capital</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>
Balance at 31st March, 2020	100,000	3,863,567	3,963,567
Capital introduced	5,739,000	-	5,739,000
Total comprehensive income for the year	-	3,375,391	3,375,391
Balance at 31st March, 2021	5,839,000	7,238,958	13,077,958
Total comprehensive income for the year	-	7,876,255	7,876,255
Balance at 31st March, 2022	5,839,000	15,115,213	20,954,213

Capital consists of:

5,839 shares of AED 1,000 each fully paid up.

1 LEGAL STATUS

- 1.1 **BADVE ENGINEERING TRADING FZE** is registered under Ras Al Khaimah Economic Zone – UAE. The financial statements incorporate fully the business carried on under License no. 7002780 dated 12 December 2017.
- 1.2 As per the amendment MOA dated 30 December 2020, Capital of the Establishment Increase by AED 5,739,000/-. As on reporting date Capital of the Establishment is AED 5,839,000/-.
- 1.3 The capital of the Establishment is divided into 5,839 shares of AED 1,000/- each.
- 1.4 The registered address of the Establishment is T211F – 2H, RAKEZ Amenity Centre, Al Hamra Industrial Zone – FZ, RAK – UAE.
- 1.5 The Establishment is licensed for general trading, except in tobacco, alcohol trading and armaments are not permitted and subject to applicable federal and local laws, and RAKEZ Authority rules & regulations.
- 1.6 The Establishment is owned by M/s. Badve Engineering Limited and managed by Mr. Rahul Sashikant Ganu.

2 APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The following amendments to IFRSs issued are mandatorily effective for the current year.

- * Amendments to IFRS 3 re: *Definition of a Business*
- * Amendments to IAS 1 and IAS 8 re: *Definition of Material*
- * Amendments to the *Conceptual Framework for Financial Reporting* including amendments to the *Conceptual Framework* in IFRS Standards
- * Amendments to IFRS 9, IAS 39 and IFRS 7- re: *Interst Rate benchmark Reform*
- * Amendments to IFRS 16- re: *Covid-19-Related Rent Concessions (effective from 1 June 2020 but early applied by the Company)*

Changes introduced are summarised as under:

Amendments to IFRS 3 re: *Definition of a Business*

These amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definition of business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continue to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to IAS 1 and IAS 8 re: *Definition of Material*

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The amendments make the following changes:

- the concept of 'obscuring' material information has been included as part of the new definition
- the threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'
- the definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other *Standards* and the *Conceptual Framework* that contain a definition of material or refer to the term 'material' to ensure consistency.

Amendments to IFRS 9, IAS 39 and IFRS 7 - re: *Interest Rate Benchmark Reform*

The amendments in Interest Rate Benchmark Reform clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Amendments to IFRS 16 - re: *Covid-19-Related Rent Concessions*

The amendment provides practical relief to the lessees in accounting for rent concession occurring as a direct consequence of COVID-19 by introducing practical expedient to IFRS 16 by which a lessee can elect not to assess whether COVID-19 related rent concession as a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

All the above amendments do not have any impact on the financial statements for the year.

3 **APPLICATION OF NEW AND AMENDED IFRSs ISSUED BUT NOT EFFECTIVE FOR THE CURRENT YEAR**

The following new IFRS / amendments to IFRSs were issued but not mandatorily effective for the current year.

- * IFRS 17 *Insurance Contracts* including amendments to IFRS 17 (effective from 1 January 2023)
- * Amendments to IFRS 10 and IAS 28 re: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)
- * Amendments to IAS 1 re: *Classification of Liabilities as Current or Non-Current* (effective from 1 January 2023)
- * Amendments to IAS 16. re: *Property, Plant and Equipment – Proceeds before Intended Use* (effective from 1 January 2022)
- * Amendments to IAS 37 re: *Onerous Contracts – Cost of Fulfilling a Contract* (effective from 1 January 2022)
- * Amendments to IFRS 9, IAS 39 and IFRS 7 - re: *Interest Rate benchmark Reform- Phase 2* (effective 1 January 2021)
- * Amendments to IFRS 3 re: *reference to Conceptual Framework* (effective 1 January 2022)
- * Annual Improvements 2018-2020 Cycle (effective 1 January 2022)

Changes introduced above are summarised as under:

IFRS 17 Insurance Contracts

This is a new Standard and applies to: insurance contracts, including reinsurance contracts, issued by an entity with specified exceptions; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder'. The New Standard provides for the principles of recognition, measurement, presentation, and disclosure of insurance contracts. The objective of the New Standard is to achieve the goal of a consistent principle-based accounting for insurance contracts.

In the statement of financial position, an entity is required to measure profitable insurance contracts at the risk-adjusted present value of the future cash flows plus unearned profit for services to be provided under the contract.

The New Standard requires an entity to recognise profit from a group of insurance contracts over the period the entity provides services, and as the entity is released from risk. If a group of contracts is or becomes loss-making, the entity is required to recognise the loss immediately.

The New Standard also requires insurance revenue, insurance service expenses, and insurance finance income or expenses to be presented separately.

Further amendments were issued in June 2020 to assist entities in implementing the New Standard, while not unduly disrupting implementation or diminishing the usefulness of the information provided by applying IFRS 17. IFRS 17, as amended in June 2020, is effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to IFRS 10 and IAS 28 re: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Above amendments deal with accounting effects and treatment in situations where there is sale or contribution of assets between an investor and its associate or joint venture. Presently application of this amendment is indefinitely postponed.

Amendments to IAS 1 re: Classification of Liabilities as Current or Non-Current

Above clarifies a criterion in IAS 1 *Presentation of Financial Statements* for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. This amendment is deferred for implementation on or after 1 January 2023.

Amendments to IAS 16 re: Property, Plant and Equipment-Proceeds before Intended Use

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37 re: Onerous Contracts – Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.