

ATUL MIDDLE EAST FZ- LLC
DUBAI, UNITED ARAB EMIRATES.

FINANCIAL STATEMENTS AND
INDEPEDANT AUDITOR'S REPORT.
31 MARCH 2019.

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ATUL MIDDLE EAST FZ-LLC

Dubai, UAE

Board of Directors, Other Officers and Status

Board of Directors	: Mr Bharathy Narayanan Mohanan : Mr Ajitsingh Batra
Shareholder	: M/s Atul limited (India)
Legal Status	: Limited Liabilty
Registered Office	: Dubai Science Park, Shared Desk 2-43 : Floor 03, Building; : DSP Laboratory Complex : Dubai, UAE.
Principal Banker	: Bank of Baroda
The Auditors	: VSP Auditing Associates P O Box 119115 302, Golf Park building, Garhoud, Dubai, UAE.



ATUL MIDDLE EAST FZ-LLC

Dubai, UAE

Report of the Directors.

The Management has pleasure in presenting this report together with the audited financial statements of the company for the year ended March 31, 2019

Legal status

“ATUL MIDDLE EAST FZ-LLC” is a limited liability company incorporated under Dubai Technology and Media Free Zone Authority, Dubai, United Arab Emirates, under the provisions of Dubai Technology and Media Free Zone Private Companies Regulations 2003 Issued under Law No. 1 of 2000

Principal Activities

The Principal Activities of the company are Agricultural, Forestry, Horticulture, Import and re-export, Marketing and Sales Promotion, Research and Development, Storage and Support Service.

Results of Operation

Net profit of the company for the year was AED 133,544/-

Directors' Responsibility

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The responsibility of the Directors are keeping proper financial records in line with laws, rules and regulations of Dubai Technology and Media Free Zone Authority, for taking reasonable steps to safeguard assets of the entity and to prevent and detect fraud and other irregularities.

Risk Management

The Company is committed to pursuing the process of identifying risk factors, closely monitoring & analyzing the risks and take decisions to mitigate the risks with the aim of ensuring continuance of business operations and growth to make value addition to the shareholder's equity. The risk management policy identifies, assesses, manages and reports risks on a continuous basis. The Management consider the key risk areas to be credit risk, market risk and liquidity risk.

Events after the reporting year

There were no transactions or event of a material nature after the reporting year, which is likely to affect, substantially the result of the operations or the financial position of the company.

ATUL MIDDLE EAST FZ-LLC

Dubai, UAE

Report of the Directors.


Going Concern

The attached financial statements have been prepared on the going concern basis. While preparing the financial statements the management has made an assessment of the Company's ability to continue as a going concern. The management has not come across any evidence that causes the management to believe that the material uncertainties related to the events or conditions existed, which may cause significant doubt on the company's ability to continue as a going concern.

Auditors

The independent auditors VSP Auditing Associates, Dubai, UAE have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting

On behalf of the Board of Directors



Director

ATUL MIDDLE EAST FZ-LLC



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VSP Auditing Associates

Accountants, Auditors & Business Advisors

Independent Auditor's Report

The Shareholder of Atul Middle East FZ - LLC

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Atul Middle East FZ - LLC**, ("the Company"), which comprise of the statement of financial position as at March 31, 2019 and the statement of comprehensive income, statement of changes in equity, 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, referred to above, present fairly, in all material aspects, the financial position of **Atul Middle East FZ - LLC** as at March 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of 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 other 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.

Responsibility of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on 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:





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VSP Auditing Associates

Accountants, Auditors & Business Advisors

Auditors Responsibilities for the Audit of the Financial Statements (Cont.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 risks 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, misrepresentation or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the internal control
- Conclude on the 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 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 the 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

As required by the UAE Federal Law No. 2 of 2015, we further confirm that,

- 1 We have obtained all the information and explanations which we consider necessary for our audit,
- 2 Proper books of accounts have been maintained by the Entity.
- 3 The contents of the Directors report which relates to the financials statements are in agreement with the Entity's books of accounts, and
- 4 According to information made available to us, we are not aware of any contraventions during the year of the above mentioned law or the Entity's Articles of Association; which may have material effect on the financial position of the Entity or the result of its operation for the year.

For VSP Auditing Associates


Abdulaziz Abdulla Ibrahim Alabdulla
Audit Reg # 653



Dubai, UAE

30th April 2019

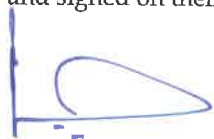
ATUL MIDDLE EAST FZ- LLC
DUBAI, U.A.E

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	Notes	31-03-2019 AED	31-03-2018 AED
ASSETS			
Non-current assets			
		-	-
Current Assets			
Trade Receivables	7	13,743	-
Bank balance and cash	9	528,369	90,121
Deposits & prepayments	8	60,168	60,459
		<u>602,280</u>	<u>150,580</u>
TOTAL ASSETS		<u>602,280</u>	<u>150,580</u>
EQUITY AND LIABILITIES			
Equity			
Share Capital		300,000	300,000
Shareholders Current Account		-	300
Retained Earnings		(21,926)	(155,470)
		<u>278,074</u>	<u>144,830</u>
Current Liabilities			
Due to Related Parties			500
Accounts & Other Payable	13	324,206	5,250
		<u>324,206</u>	<u>5,750</u>
TOTAL EQUITY AND LIABILITIES		<u>602,280</u>	<u>150,580</u>

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Management on April 25, 2019 and signed on their behalf by:



Director



ATUL MIDDLE EAST FZ- LLC
DUBAI, U.A.E

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31,2019.

	Notes	31-03-2019 AED	31-03-2018 AED
Sales Revenue	10	644,120	-
Cost of Revenue	11	(304,272)	-
Gross profit		<u>339,848</u>	<u>-</u>
General and admin expenses	14	(269,567)	(222,775)
Net Profit/(Loss) for the year		<u>70,281</u>	<u>(222,775)</u>
Other Income	12	63,263	225,495
COMPREHENSIVE INCOME FOR THE YEAR		<u>133,544</u>	<u>2,720</u>

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Management on April 25, 2019
and signed on their behalf by:



Director



ATUL MIDDLE EAST FZ- LLC
DUBAI, UAE.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31-03-2019

	Share Capital AED	Shareholder's Current Account AED	Accumulated Losses AED	Total Equity AED
At the 01-04-2017	300,000	300.00	(158,190)	142,110.00
Net Movement in Capital/Current account	-	-	-	-
Profit for the year			2,720	2,720
At 31 March 2018	<u><u>300,000</u></u>	<u><u>300</u></u>	<u><u>(155,470)</u></u>	<u><u>144,830</u></u>
At the 01-04-2018	300,000	300	(155,470)	144,830.00
Net Movement in Capital/Current account		-	-	-
Profit for the year		(300)	-	(300)
Profit for the year			133,544	133,544
At 31 March 2019	<u><u>300,000</u></u>	<u><u>-</u></u>	<u><u>(21,926)</u></u>	<u><u>278,074</u></u>

The accompanying notes form an integral part of these financial statements



ATUL MIDDLE EAST FZ- LLC
DUBAI, U.A.E

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31,2019.

	31-03-2019	31-03-2018
	AED	AED
OPERATING ACTIVITIES		
Profit for the year	133,544	2,720
Adjustment for non cash items		
Operating profit before changes in working capital	133,544	2,720
Changes in operating assets and liabilities:		
Increase/decrease in Receivables	(13,743)	8,243
Increase/decrease in Deposits & prepayment	291	-
Increase/decrease in due to related parties	(500)	6,589
Increase/decrease in Payables	318,956	(3,310)
Net cash from/(used in) operations	305,004	11,522
Net cash from/(used in) operating activities	438,548	14,242
Cash Flow from Investing Activities		
	-	-
	-	-
	438,548	14,242
FINANCING ACTIVITY		
Introduction of Capital		-
Changes in Current Account	(300)	-
Net movement in Capital account	(300)	-
Net cash from/ (used in) financing activity		
Net increase/(decrease) in cash and cash equivalents	438,248	14,242
Cash and cash equivalents at begining of the year	90,121	75,879
Cash and cash equivalents at end of the year	528,369	90,121
Cash on hand	-	-
Current account with bank	528,369	90,121
	528,369	90,121

The accompanying notes form an integral part of these financial statements



ATUL MIDDLE EAST FZ -LLC, DUBAI, U A E.
Notes to the Financial Statements for the year ended March 31, 2019.

1. LEGAL STATUS & NATURE OF OPERATION

ATUL MIDDLE EAST FZ-LLC is a limited liability company incorporated under the Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No 1 of 2000.

The Principal Activities of the Entity are Agricultural, Forestry, Horticulture, Import and Re Export, Marketing and Sales Promotion, Research and Development, Storage and Support services.

2. SHARE CAPITAL AND MANAGEMENT

The Authorised, issued, and paid up Share Capital of the company is UAE Dirhams (AED) 300,000/- as at March 31, 2019, divided into 300 shares of AED 1,000 each.

M/s Atul Limited, an Indian Company is the sole shareholder of the Company. The management and control of the Entity is vested with Mr Bharathy Narayanan Mohanan (Indian National) the Director and the Manager of the entity.

3. REPORTING PERIOD

These financial statements relate to the year from April 1, 2018 to March 31, 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The accompanying financial statements have been prepared on a historical cost basis. The financial statements are presented in AED since that is the currency of the country in which the Establishment is domiciled.

The Establishment presents its financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the financial position date (current) and more than twelve months after the financial position date (non - current).

b. Statement of compliance

The accompanying financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

c. Basis of Accounting

These financial statements are prepared under the accrual basis of accounting. Under the accrual basis of accounting, transactions and events are recognized when they occur and not as cash or its equivalent is received.



d. Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended IFRS, International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) which became effective on or after 1 January 2018.

There have been new and revised Standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretation Committee, which were effective for current accounting year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements.

New standards, amendments and interpretations adopted by the company.

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April 2018:

- IFRS 9, Financial Instruments replaces IAS 39 Financial Instruments (effective from 1st January 2018) bringing together all three aspects of the accounting for financial instruments, classification and measurement, Impairment, and hedge accounting.
- IFRS 15, Revenue from contracts with customers (effective from 1st January 2018).

Due to the transition methods chosen by the company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

New standards and interpretations not yet adopted by the company

Certain new standards and amendments to existing standards have been published and are mandatory for the periods beginning on or after 1st January 2019 reporting periods and have not been early adopted by the company. Management is currently assessing the following standards and amendments which are likely to have an impact on the company's financial statements:

- IFRS 16, Leases (effective from 1st January 2019)

IFRS 16 will result in almost all leases being recognized on the combined statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (right to use the leased item) and financial liability to pay rentals are recognized. The only exceptions are short term and low value leases. The accounting for lessors will not significantly change.

The company is currently assessing the adjustments, if any, necessary on adoption of the new standard and how this may affect the company's profit or loss and classification of cash flows going forward.



e. Financial instruments

Date of recognition

The Establishment recognizes a financial assets or a financial liability in the establishment statement of financial position when it becomes a party to the contractual provision of the instrument. Purchase or sales of financial assets that require delivery of asset within the time frame establishment by regulation or convention in the market place are recognizes on the settlement date.

Loans and receivables

Loans and receivables include non-derivative financial asset with fixed or determinable payments that are not quoted in an active market and for which the Establishment has no intention of trading. Loan and receivables are stated at their amortized cost, reduced by accumulated impairment loss, if any. Amortization is determined using the effective interest rate method.

f. Provision

A provision is recognized in the statement of financial position when the Establishment has a present legal or constructive obligation as a result of a past events and it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

g. Revenue recognition

Revenue recognition to the extent that it is probable that the economic benefit will flow to the establishment and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Revenue from sale of goods shall be recognized when all the following conditions have been satisfied:

- a) The establishment has transferred to the buyer the significant risk and rewards of ownership of the goods;
- b) The Establishment retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliability;
- d) It is probable that the amount economic benefit associated with the transaction will flow to the Establishment; and
- e) The cost incurred or to be incurred is reject of the transaction can be measured reliably.



ATUL MIDDLE EAST FZ -LLC, DUBAI, U A E.
Notes to the Financial Statements for the year ended March 31, 2019.

h. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and required an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A assessment is made after inception of the lease only if one of the following applies:

- a) There is a change in contractual terms, other than a renewal or extension of the arrangement.
- b) A renewal option is exercised or extension granted, unless that term if the renewal or extension was initially included in the lease terms;
- c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d) There is a substantial change to the asset.

i. Contingencies

Contingencies liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingencies assets are not recognized in the financial statements but are disclosed when an inflow of economic benefit is probable.

j. Events after the financial position date

Post year-end events up to the date of the auditors' report provides additional information about the Establishment's position at the financial position date (adjusting events) and are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed, when material to the financial statements.

5 Significant Accounting Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Judgments

In the process of applying the Establishment's accounting policies, Management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

- *Determination of functional and presentation currency*

The Establishment determines the functional presentation currency based on economical substance of underlying circumstances relevant to the Establishment. The functional and



ATUL MIDDLE EAST FZ -LLC, DUBAI, U A E.
Notes to the Financial Statements for the year ended March 31, 2019.

presentation currency has been determined to be the UAE Dirhams since its revenues and expenses are substantially denominated in this currency.

Depreciation of property, plant and equipment is computed using the straight-line method over their useful lives, regardless of utilization.

- **Impairment of receivables**
 The Establishment reviews its receivables to assess impairment at least on an annual basis. In determining whether impairment losses should be reported in the statement of comprehensive income, the Establishment makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance of impairment is made when there is an identified loss event or condition which, based on previous experience, is an evidence of a reduction in the recoverability of the cash flows.

6 Going Concern

These financial statements are prepared on a going concern basis which is assumed that the Establishment will continue to operate as a going concern in a foreseeable future.

7. TRADE RECEIVABLE	31-03-2019	31-03-2018
	AED	AED
Trade & Other Receivable	13,743	-
	<u>13,743</u>	<u>-</u>
8. DEPOSITS AND PREPAYMENTS	31-03-2019	31-03-2018
	AED	AED
Deposits	10,000	10,000
Prepaid expenses	49,773	50,459
Others	395	-
	<u>60,168</u>	<u>60,459</u>
9. BANK BALANCES	31-03-2019	31-03-2018
	AED	AED
Bank Balances	528,369	90,121
	<u>528,369</u>	<u>90,121</u>
10. REVENUE	31-03-2019	31-03-2018
	AED	AED
Sales Revenue	304,920	-
Other Direct Income	339,200	-
	<u>644,120</u>	<u>-</u>



ATUL MIDDLE EAST FZ -LLC, DUBAI, U A E.
Notes to the Financial Statements for the year ended March 31, 2019.

11. COST OF REVENUE	31-03-2019	31-03-2018
	AED	AED
Purchases	304,272	
	<u>304,272</u>	
12. OTHER INCOME	31-03-2019	31-03-2018
	AED	AED
Reimbursement Received	62,013	
VAT Refund	1,250	
	<u>63,263</u>	
13 . TRADE PAYABLE	31-03-2019	31-03-2018
	AED	AED
Sundry Creditors	301,871	
Provisions	20,405	
Other Payable	1,930	
	<u>324,206</u>	
14 . GENERAL AND ADMIN EXPENSES	31-03-2019	31-03-2018
	AED	AED
Salary and Benefits	161,317	135,170
Office Rent	25,005	26,250
Legal, License & Prof fees	66,885	47,561
Bank Charges & Exch Loss	5,824	1,575
Visa Expenses		9,775
Travelling Expense	5,001	
Insurance	1,715	1,457
Other Expenses	3,820	987
	<u>269,567</u>	<u>222,775</u>



15 Financial Risk Management Objectives and Policies

Risk management structure

The Establishment oversees and manages its exposure to the market risk, credit risk and liquidity risk. The Establishment's policies on these risks arising from the Establishment's financial instrument follow:

Market Risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of the changes in the market prices. Market prices comprise risks such as foreign currency risk and interest rate risk.

Foreign currency risk

It is the risk that the value of a financial instrument will fluctuate due to changes in the foreign exchange rates. There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in AED.

Interest rate risk

It is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Establishment is not exposed to any interest rate risk as it has no significant interest bearing financial instruments

16 Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform its obligations during the life of the transactions. This included the risk of nonpayment by borrowers or issuers, failed settlement of transactions and default on contracts. The carrying amounts of refundable deposits, due from related parties, accounts and other receivables and current account with bank represent the Establishment's maximum exposure to credit risk. Management has credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

17 Liquidity risk

It is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

18 Contingent and Commitments

Except the ongoing services commitments in the normal course of business against which no loss is expected, there has been no other known contingent liability or commitment on the Establishment's account.

19 Events After the Financial Position Date

There were no significant events occurring after the financial position date that would have any material effect on the financial statements of the Establishment.

