

M/s KESAR MIDDLE EAST- FZCO
DUBAI SILICON OASIS
DUBAI, U.A.E.

FINANCIAL STATEMENTS
FOR THE PERIOD FROM
18th DECEMBER 2023 TO 31st MARCH 2024

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INDEPENDENT AUDITOR'S REPORT

M/S KESAR MIDDLE EAST- FZCO, DUBAI, U.A.E.

Opinion

We have audited the accompanying financial statements of **M/S KESAR MIDDLE EAST-FZCO, DUBAI SILICON OASIS, DUBAI, UNITED ARAB EMIRATES**, which comprise the Statement of Financial Position as at 31st March 2024, the Statement of Comprehensive Income, Statement of Changes in Shareholder's Equity and Statement of Cash Flows for the period (from 18th December 2023 to 31st March 2024) then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the profit or loss and overall state of company's affairs as at 31st March 2024, and the result of its operations and its Cash Flows for the period (from 18th December 2023 to 31st March 2024) then ended, in accordance with **International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities (SMEs)**.

The company is undertaking only activities permitted under its license and comply, where appropriate, with the Memorandum & Articles of Association of the company, UAE Tax Laws and Procedures, and implementing rules and regulations of implementing rules and regulations of Dubai Silicon Oasis, Dubai, U.A.E.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with **International Standards on Auditing (ISAs)** which included tests of accounting records, determination of major activities, and other procedures we considered necessary to enable us to express such opinions and to render the required reports.

We are independent of the company in accordance with the **International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code)** which require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with IFRS for SMEs which includes:

- The procedures selected depend on the **auditor's judgment**, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- In the making those **risk assessments**, the auditor considers **internal control** relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.
- Based on the audit evidence obtained, an assessment of the material uncertainty, if any, is made which may have significant impact on the ability of the company to continue as a Going Concern. Our conclusions are based up to the date of our Auditor's Report.
- Our audit also includes evaluating the appropriateness of **accounting policies** used and the reasonableness of accounting estimates made by management, as well as evaluating the **overall presentation** of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

M/S KESAR MIDDLE EAST-FZCO, DUBAI, UNITED ARAB EMIRATES

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements for the period ended on 31st March 2024 in accordance with **International Financial Reporting Standards** along with all accompanying information, as well as all representations contained therein. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures, and related notes, and for accepting full responsibility for such decisions.

You will be required to acknowledge in the management representation letter that you have reviewed and approved the financial statements, schedule of expenditures, and related notes prior to their issuance, and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any non-audit services we have provided and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the business-type activities, the aggregate discretely presented component units and the respective changes in financial position.

Your responsibilities include adjusting the financial statements to correct material misstatements, and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of activities and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and agreements. Additionally, it is management's responsibility to follow up and take corrective action on reported audit findings, and to prepare a summary schedule of prior audit findings and a corrective action plan.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions.



CA Prem P. Jain
LLB ACS FCA
Reg. No. 227
Managing Partner
M/s ACTIVE AUDITORS
Sharjah, U.A.E.
04th April 2024



M/S KESAR MIDDLE EAST- FZCO
DUBAI SILICON OASIS, DUBAI, U.A.E.
STATEMENT OF FINANCIAL POSITION
As on 31st March 2024

	NOTES	<u>31st Mar. 2024</u> <u>AMOUNT</u> <u>AED.</u>
CURRENT ASSETS		
Accounts & Other Receivables	A	319,224
Cash & Cash Equivalent	B	19,350
Total Current Assets		338,574
CURRENT LIABILITIES		
Other Payable	C	1,575
Total Current Liabilities		1,575
Net Current Assets		336,999
TOTAL NET ASSETS		336,999
CAPITAL EMPLOYED		
Share Capital	D	100,000
Shareholder's Current A/c		(100,000)
Retained Earnings		336,999
TOTAL		336,999

These Financial Statements were approved and signed by the Authorised Signatory.

M/S KESAR MIDDLE EAST- FZCO, DUBAI, U.A.E.


(MR. GOPAL GUPTA)
Director


(MR. YASH GOPAL GUPTA)
Director


(MR. SACHIN GOPAL GUPTA)
Director

Annexed Accounting Notes form an integral part of these statements.

M/S KESAR MIDDLE EAST- FZCO
DUBAI SILICON OASIS, DUBAI, U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
For the period from 18th December 2023 to 31st March 2024

	NOTES	<u>18th Dec. 2023</u> <u>to 31st Mar.2024</u> <u>AMOUNT</u> <u>AED.</u>
Consultancy Income		345,000
EXPENSES		
Less : Gen. & Admn. Exp.	E	8,001
Total Expenses		<hr/> 8,001 <hr/>
<i>Comprehensive Income for the period</i>		<hr/> 336,999 <hr/>

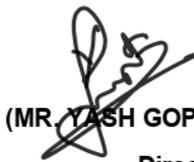
These Financial Statements were approved and signed by the Authorised Signatory.

M/S KESAR MIDDLE EAST- FZCO, DUBAI, U.A.E.



(MR. GOPAL GUPTA)

Director



(MR. YASH GOPAL GUPTA)

Director



(MR. SACHIN GOPAL GUPTA)

Director

Annexed Accounting Notes form an integral part of these statements.

M/S KESAR MIDDLE EAST- FZCO, DUBAI, U.A.E.
STATEMENT OF CHANGE IN SHAREHOLDER'S EQUITY
For the period from 18th December 2023 to 31st March 2024

	<u>Share Capital AED.</u>	<u>Shareholder's Current A/c AED.</u>	<u>Retained Earnings AED.</u>	<u>Total AED.</u>
Net Movements during the period	100,000	(100,000)	-	-
Comprehensive Income for the period	-	-	336,999	336,999
Balance as at 31.03.2024	100,000	(100,000)	336,999	336,999

M/S KESAR MIDDLE EAST- FZCO
DUBAI SILICON OASIS, DUBAI, U.A.E.
STATEMENT OF CASH FLOWS
For the period from 18th December 2023 to 31st March 2024

	<u>18th Dec. 2023</u> <u>to 31st Mar.2024</u> AMOUNT <u>AED.</u>
<u>CASH FLOWS FROM COMMERCIAL ACTIVITIES :</u>	
Comprehensive Income for the period	336,999
Operating Profit before working capital changes	336,999
<u>Increase / (Decrease) in operating liabilities :</u>	
Accounts & Other Receivables	(319,224)
Other Payable	1,575
Net cash flows from operating activities A	19,350
<u>CASH FLOWS FROM FINANCING ACTIVITIES :</u>	
Increase / (Decrease) in Share Capital A/c	100,000
Increase / (Decrease) in Shareholder's Current A/c	(100,000)
Net cash flows from financing activities B	-
Net increase in cash and cash equivalents (A+B)	19,350
Cash & Cash equivalents at the beginning of the period	-
<u>CASH & CASH EQUIVALENTS AT THE END OF THE PERIOD</u>	<u>19,350</u>

NOTES FOR THE FINANCIAL STATEMENTS

LEGAL STATUS AND ACTIVITIES

M/s. Kesar Middle East-FZCO is a Free Zone company with Limited Liability under Trade License number 39015 issued by Dubai Silicon Oasis, a member of Dubai Integrated Economic Zones Authority, Dubai, U.A.E. The authorized Share Capital of the company is Dhs. 100,000/- divided into 100 shares of Dhs. 1000/ per share. The company was registered on 18/12/2023. **Mr. Yash Gopal Gupta** is the Manager of the company. The Company is a wholly owned subsidiary of M/s Kesar India Limited (the “Parent Company”), a company incorporated in India.

The main activities of the company is Information Financing Broker, Investment in Commercial Enterprises & Management and Project Development Consultant.

The company operates DSO-IFZA, IFZA Properties, Dubai Silicon Oasis, Dubai, U.A.E.

BASIS OF PREPARATION

i. **Statement of Compliance**

The company has adopted the new and revised International Financial Reporting Standards (IFRSs) that are relevant to its operations and effective on the current financial statements which require the determination and consistent application of accounting policies to transactions and events. The financial statements are prepared on a going concern basis and are presented in Arab Emirates Dirhams (AED), currency of UAE.

ii. **Basis of Measurement**

The financial statements have been prepared on the historical cost basis except for the measurement at fair value of Financial Instruments.

iii. **Statement of Cash Flows**

The cash flow statement has been prepared using the indirect method. Cash flows denominated in foreign currencies will be translated at the exchange rates at the dates of the transactions. Transactions not resulting in inflow or outflow of cash, are not recognized in the cash flow statement.

iv. **Use of Estimates and Judgments**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

v. Measurement of Fair Value

A number of the Company's accounting policies and disclosures require the measurement of fair values, specifically, for the financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Valuation based on a quoted price in an active market for identical assets or liabilities.

Level 2: Valuation is based on a quoted price in an active market for similar financial assets or liabilities that rely on observable market inputs.

Level 3: Valuation based on inputs for the asset or liability that are not directly observable in the market.

The second type mainly corresponds to derivative financial instruments, based on the income approach, in accordance with accounting regulations, which entail the discounting to present value of future cash flows associated with said instruments, estimated using forward curves offered in the market, including adjustments for credit risk based on the duration of the instruments.

The most significant variables for valuing financial instruments vary depending on the type of instrument, but fundamentally include: exchange rates (spot and forward), interest rate curves, counterparty risk curves, prices of equity securities, and the volatilities of all the aforementioned factors.

In all cases, market data is obtained from reputed information agencies or correspond to quotes issued by official bodies. If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

SIGNIFICANT ACCOUNTING POLICIES

i. Revenue Recognition

There is income earned during the period which represents consideration received or receivable for the services delivered and invoiced during the period on accrual basis and taking into account contractually defined terms of payment and excluding taxes and duties. The expenses are also recognized on accrual basis.

ii. Cash and Cash Equivalents

Cash and cash equivalents include bank balances, demand deposits and other short term highly liquid investments with original maturities of three months or less. The Company held Cash and cash equivalents of AED 19,350/- as on 31/03/2024.

iii. Other Compliances

a. Value Added Tax (VAT) Payable/Receivable

Value added tax (VAT) payable/receivable represents net VAT amount payable to or receivable from the U.A.E. Federal Tax Authority against the Value added tax charged to the customers by the Company on its sales and services and the Value added tax charged by the suppliers to the Company on its purchases and expenses as per the regulations of Federal Decree Law No. 8 and Cabinet Decision No. 52 of 2017 of United Arab Emirates. The company is not registered for Value Added Tax. However, it is the ultimate responsibility of the management to assess the applicability of the VAT regulations.

b. Economic Substance Regulation (ESR)

In accordance with the amendments to the Regulations made by Cabinet of Ministers Resolution No. (57) of 2020 on 10th August 2020, and updated Guidance issued on 19th August 2020 (Ministerial Decision No. (100) of 2020, the Regulations require UAE onshore and free zone companies and certain other business forms that carry out any of the defined “Relevant Activities” to maintain and demonstrate an adequate “economic presence” in the UAE relative to the activities they undertake (“Economic Substance Test”). The company has not filed the notification as well as the report for ESR for the period ending on 31.03.2024 as they did not engage in any of the relevant activity as per the regulation. However, it is the ultimate responsibility of the management to assess the applicability of the regulations.

c. Ultimate Beneficial Ownership (UBO)

The individual shareholders holding 25% or more of the company’s equity, directly or indirectly, are determined as the ultimate beneficial owners and the companies have filed the necessary UBO declaration with the Dubai Silicon Oasis, Dubai.

d. Anti-Money Laundering (AML):

The CBUAE established a dedicated department in August 2020 to handle all Anti-Money Laundering and Combatting the Financing of Terrorism matters (AML/CFT). The Anti-Money Laundering and Combatting the Financing of Terrorism Supervision Department (AMLSD) serves three key objectives: examining Licensed Financial Institutions (LFIs); ensuring adherence to the UAE’s AML/CFT legal and regulatory framework, and identifying threats, vulnerabilities and emerging risks to the UAE’s financial sector. The company does not come under the definition of Financial Institution or Designated Non-Financial Businesses & Professions (DNFBPs) & therefore, not registered on goAML. We did not come across any transactions that indicate that the company may have violated money laundering norms or may have carried out business with a sanctioned entity or country.

iv. Trade Payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. There are no trade payables in the company.

v. Foreign Currencies

The functional currency of the establishment is AED. Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. We did not come across any transactions that indicate that the company may have violated money laundering norms or may have carried out business with a sanctioned entity or country.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at that date when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange difference arising on the settlement of monetary items, and on the retranslation of monetary assets and liabilities, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary assets and liabilities carried at fair value are included in the income statement for the period.

vi. Financial Instruments

The Company has procedures and policies in place to control risks related to financial instruments. These policies and procedures include a clear segregation of duties between operating, settlement, accounting and controlling of all financial instruments used. The Company identifies, evaluates and mitigates financial risks in close cooperation with its Financial Risk Department.

This department, with the aim to promote best practices, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. The management of each Group entity is involved in the risk management process.

The main financial risks are market risk, credit risk and liquidity risk.

- a. Derivatives & Exchange Rate Risk:** The Company does not use derivative financial instruments for speculative purposes.
- b. Foreign Currency Risk Management:** There is no exchange rate fluctuation risk since the transactions of the company is in AED.
- c. Credit Risk:** Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's Financial Assets. The Company attempts to minimize the counterparty credit risk associated with the financial instruments used by selecting counterparties that it assumes to be creditworthy, given their credit ratings.

- d. Liquidity Risk Management:** Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.
- e. Capital Risk Management:** The Company's objectives when managing capital to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of the capital. The shareholder's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.
- f. Fair Values:** At the Balance Sheet date the carrying amount of prepayments & other liabilities approximated their fair values.
- g. Impairment:** The Company establishes an allowance for impairment as per the guidelines prescribed under IFRS9 that represent its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposure, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.
- vii. Provision for staff gratuity**
There are no employees & hence no provision for employee's end of service indemnity have been made.
- viii. Comparative Figures and Rounding Off**
We have rounded off the figures to nearest UAE Dirhams. Being the first period of operation no comparative figures are available.
- ix. Contingent Liability**
There is no contingent liability as per management as on 31/03/2024.

x. Significant Events occurring after the Balance sheet date

No significant events, which could have a material impact, occurred between period-ended on 31st March 2024 and the date on which the Directors approved and authorized these financial statements for issue.

M/S KESAR MIDDLE EAST- FZCO, DUBAI, U.A.E.
(31st March 2024)

	<u>18th Dec. 2023</u> <u>to 31st Mar.2024</u> <u>AMOUNT</u> <u>AED.</u>
A ACCOUNTS & OTHER RECEIVABLES	
Debtors	310,000
Prepayment	9,224
Total	<u>319,224</u>
B CASH AND CASH EQUIVALENT	
Cash in hand	19,350
Total	<u>19,350</u>
C OTHER PAYABLE	
Accrued Expenses	1,575
Total	<u>1,575</u>
D SHARE CAPITAL	
Share capital of the company is Dhs. 100,000/- divided into 100 shares of Dhs. 1,000/- each.	
M/s Kesar India Limited, India	100,000
Total	<u>100,000</u>
E GENERAL & ADMINISTRATION EXPENSES	
Govt. & Professional Charges	8,001
Total	<u>8,001</u>