CUMI MIDDLE EAST FZE

RAS AL KHAIMAH ECONOMIC ZONE

RAS AL KHAIMAH

UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND REPORT OF THE AUDITOR

FOR THE YEAR ENDED

31 MARCH, 2024

CUMI MIDDLE EAST FZE

RAS AL KHAIMAH ECONOMIC ZONE

RAS AL KHAIMAH

UNITED ARAB EMIRATES

31 MARCH, 2024

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CUMI MIDDLE EAST FZE
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CUMI

كومي ميدل إيست م م ح
(شركة تابعة كاربورندم يونيفرزل ليميتد)
٣١٥ ، مركز الأعمال ٣ ، ص.ب ١٦١٩٠ ،
RAK منطقة التجارة حرة، رأس الخيمة، ا.ع.م.
هاتف: ٩٧١٧٢٠٤٦١٨١+، فاكس: ٩٧١٧٢٠٤٦١٨٢+
البريد الإلكتروني: cme@cumi.murugappa.com
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<u>CUMI MIDDLE EAST FZE – RAS AL KHAIMAH,U.A.E</u>
<u>Manager's report for the year ended 31 March 2024</u>

We have pleasure in submitting the report and the audited financial statements for the year ended 31 March 2024.

Principal activities and review of business developments
The Establishment is licensed to carry on the business of general trading and therefore it may trade in any products and commodities except tobacco, alcohol and armaments.

Results
During the year, the Establishment earned revenue of USD 449,348 and Net loss for the year amounted to USD 152,664.

Legal Structure
Cumi Middle East FZE-Ras Al Khaimah, U.A.E ("the Establishment") is registered with the Ras Al Khaimah Economic Zone -Ras Al Khaimah, UAE, under License No 7000813 issued on 10 July, 2012.

Share Capital
In accordance with the share certificate issued by the Free Zone Authority of RAK, the Establishment is owned by Messrs CUMI International Limited, a Company incorporated under the law of Republic of Cyprus.

Events since the end of the year
There are no significant events since the year ended 31 March, 2024.

Auditors
The financial statements for the year ended 31 March, 2024 have been audited by Stuart and Hamlyn Chartered Accountants, and being eligible, offered themselves for reappointment.

Statement of Manager's responsibilities
The Manager is responsible for preparing the financial statements in accordance with applicable laws and regulations.

Ras Al Khaimah Economic Zone's regulations require the Manager has to prepare financial statements for each financial year. Under that regulation the Manager has prepared the Establishment's financial statements in accordance with International Financial Reporting Standards. The financial statements are required by regulations to give a true and fair view of the state of affairs of the Establishment.

The Manager confirms that financial statements of the Establishment have been prepared on the going concern basis, and in accordance with the International Financial Reporting Standards, subject to any material departures disclosed and explained in the notes to the financial statements and in accordance with the applicable provision of Ras Al Khaimah Economic Zone and other applicable laws and regulations.

The Manager also confirms that, in preparing these financial statements, suitable accounting policies have been selected and consistently applied and that reasonable and prudent judgments and estimates have been made.

CUMI MIDDLE EAST FZE
P.O. Box 16190
Ras Al Khaimah
U.A.E.

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CUMI MIDDLE EAST FZE

The Manager confirms that proper books of accounts have been kept which accurately reveal at any time the financial position of the Establishment, and enable them to ensure that the financial statements comply with applicable laws and regulations.

The Manager is aware of his responsibility of safeguarding the assets of the Establishment and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and behalf of **Cumi Middle East FZE-Ras Al Khaimah, U.A.E**

....

Ras Al Khaimah,
12 April, 2024

Our Ref: 203/DXB/24

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Messrs. Cumi Middle East FZE
P.O. Box 16190
Ras Al Khaimah
United Arab Emirates

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Messrs. Cumi Middle East FZE –Ras Al Khaimah, U.A.E. (The Establishment), which comprise the statement of financial position as at 31 March, 2024, and the statement of profit or loss and other 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Messrs. Cumi Middle East FZE - Ras Al Khaimah, U.A.E (The Establishment) as at 31 March, 2024, 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 within the meaning of 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.

Other Information

Management is responsible for the other information. The other information comprises of the 'Manager's Report' which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Stuart & Hamlyn Chartered Accountants

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control that the management determines as 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 company 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

The objectives of our audit 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 planning and performance of 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 auditor's report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may affect the Establishment's ability to continue as a going concern.

Stuart & Hamlyn Chartered Accountants

• 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 are required to 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.

Report on Other Legal and Regulatory Requirements

Also in our opinion:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The Establishment has maintained proper books of accounts;

iii) Note 11 to the financial statements of the Establishment discloses material related party transactions and the terms under which they were conducted;

iv) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Establishment has contravened during the financial year ended 31 March, 2024 any of the applicable provisions of RAK Free Trade Zone Authority which would materially affect its activities or its financial position as at 31 March, 2024.

ستيوارت و هاملين محاسبون قانونيون
P.O. Box: 92224
DUBAI - U.A.E.
Stuart & Hamlyn Chartered Accountants

Joseph Philip
Registration No. 749
STUART & HAMLYN
CHARTERED ACCOUNTANTS

ISSUED IN DUBAI ON 12 APRIL, 2024

CUMI MIDDLE EAST FZE - RAS AL KHAIMAH - U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2024

Assets	Note	2024 US$	2023 US$
Non-current assets			
Property, plant and equipment - net carrying amount	5	5,342	12,594
Current assets			
Inventory	6	40,523	340,491
Goods in transit		-	56,556
Trade and other receivables	7	120,416	450,088
Cash and cash equivalents	8	31,610	58,614
Total		192,549	905,749
Total assets		**197,891**	**918,343**
Liabilities and equity			
Non-current liabilities			
Provision for employees' end of service benefits	9	17,165	12,960
Current liabilities			
Accruals and other payables	10	22,239	53,018
Related party - due to	11	111,666	652,810
Provision for employees' leave salary and passage		1,343	1,413
Total		135,248	707,241
Total liabilities		152,413	720,201
Equity			
Share capital	12	27,248	27,248
Voluntary reserve	13	13,624	13,624
Retained earnings		4,606	157,270
Total equity		45,478	198,142
Total liabilities and equity		**197,891**	**918,343**

The accounting policies and notes attached herewith form part of these financial statements.

The independent auditor's report is set forth on pages 3-5

كومي ميدل ايست م.م.ح
RAK Free Trade Zone
P.O. Box: 16190
Ras Al Khaimah
U.A.E.
CUMI MIDDLE EAST FZE

DIRECTOR

APPROVED ON 12 APRIL, 2024

CUMI MIDDLE EAST FZE - RAS AL KHAIMAH - U.A.E.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2024

	Note	2024 US$	2023 US$
Revenue		449,348	1,000,174
Cost of revenue	14	(421,437)	(893,761)
Gross profit		27,911	106,413
Selling, administrative and other general expenses	15	(184,545)	(231,994)
Finance cost - bank charges		(1,794)	(2,644)
(Loss) on foreign currency exchange		-	(932)
Other income	16	5,764	1,578
Net (loss) for the year		(152,664)	(127,579)

The accounting policies and notes attached herewith form part of these financial statements.

The independent auditor's report is set forth on pages 3-5

CUMI MIDDLE EAST FZE RAK Free Trade Zone P.O. Box: 16190 Ras Al Khaimah U.A.E.

DIRECTOR

APPROVED ON 12 APRIL, 2024

CUMI MIDDLE EAST FZE - RAS AL KHAIMAH - U.A.E.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH, 2024

	Share capital US$	Statutory reserve US$	Retained earnings US$	Total US$
Balance at 31 March, 2022	27,248	13,624	284,849	325,721
Net (loss) for the year ended 31 March, 2023	-	-	(127,579)	(127,579)
Balance at 31 March, 2023	27,248	13,624	157,270	198,142
Net (loss) for the year ended 31 March, 2024	-	-	(152,664)	(152,664)
Balance at 31 March, 2024	**27,248**	**13,624**	**4,606**	**45,478**

The accounting policies and notes attached herewith form part of these financial statements.

The independent auditor's report is set forth on pages 3-5

RAK Free Trade Zone
P.O. Box: 16190
Ras Al Khaimah
U.A.E.
CUMI MIDDLE EAST FZE

DIRECTOR

APPROVED ON 12 APRIL, 2024

CUMI MIDDLE EAST FZE - RAS AL KHAIMAH - U.A.E.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2024

	Note	2024 US$	2023 US$
Operating activities			
Net (loss) / profit for the year		(152,664)	(127,579)
Adjustments for:			
Depreciation		7,252	7,346
Provision for employees' end of service benefits		4,205	3,543
Provision for employees' leave and passage		(70)	166
Net cash flow before changes in operating assets and liabilities		(141,277)	(116,524)
Changes in operating assets and liabilities:			
Inventory		299,968	(73,220)
Goods in transit		56,556	157,487
Trade and other receivables		329,672	342,134
Accruals and other payables		(30,779)	(2,148)
Related party		(541,144)	(386,854)
Net cash (used in) operating activities		(27,004)	(79,125)
(Decrease) in cash and cash equivalents		(27,004)	(79,125)
Cash and cash equivalents at the beginning of the year		58,614	137,739
Cash and cash equivalents at the end of the year	8	31,610	58,614

The accounting policies and notes attached herewith form part of these financial statements.

The independent auditor's report is set forth on pages 3-5

RAK Free Trade Zone
P.O. Box: 16190
Ras Al Khaimah
U.A.E.
CUMI MIDDLE EAST FZE

DIRECTOR

APPROVED ON 12 APRIL, 2024

Note 1 General information

1.1 Formation

CUMI MIDDLE EAST FZE - (The Establishment) was formed as a Free Zone Establishment with Limited Liability at Ras Al Khaimah Economic Zone on 11 December, 2005 in accordance with the provisions of the Free Zone Regulations of the Emirate of Ras Al Khaimah pursuant to Emiri decree dated 1 May, 2000. The Establishment operates under trade license No. 7000813.

1.2 Activities

The Establishment is licensed to carry on the business of general trading and therefore it may trade in any products and commodities except tobacco, alcohol and armaments.

1.3 Address

The registered address of the Establishment is B04-315, Business center 03, RAKEZ, Ras Al Khaimah, United Arab Emirates.

1.4 Ownership

In accordance with the share certificate issued by the Free Zone Authority of RAK, the Establishment is owned by Messrs. CUMI International Limited, a Company incorporated under the law of Republic of Cyprus.

Note 2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

2.1 New standards, interpretations and amendments effective for the current year

The following new and revised standards and interpretations have been adopted in the current year.

International Accounting Standards (IAS/IFRSs)	*Effective date*
Classification of Liabilities as current or non current (Amendments to IAS 1)	1-Jan-2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1-Jan-2023
Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality	1-Jan-2023
Definition of Accounting Estimates (Amendments to IAS 8)	1-Jan-2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction, International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12),	1-Jan-2023

2.2 New standards, interpretations and amendments in issue but are not yet effective

Standards, amendments and interpretations issued but not yet effective at the date of authorisation of these financial statements are listed below. The Establishment intends to adopt those standards when they become effective.

International Accounting	*Effective date*
Lease Liability in a Sale-and-Leaseback (Amendments to IFRS 16, Leases)	1-Jan-2024
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1, Presentation of Financial Statements)	1-Jan-2024
Supplier Finance Arrangements (Amendment to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures)	1-Jan-2024

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Lack of exchangeability (Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates)	1-Jan-2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be determined

Note 3 Summary of significant accounting policies

3.1 Statement of compliance

The financial statements of the Establishment have been prepared in accordance with International Financial Reporting Standards (IFRS) . The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied all the years presented unless otherwise stated.

The preparation of financial statements in conformity with International Financial Reporting Standard requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in process of applying the Establishment's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note (4).

3.2 Basis of preparation and presentation

These financial statements have been prepared prudently and consistently on the assumption that the Establishment continue in business for the foreseeable future and taking into account expenses and income related to the financial year irrespective of whether they have been paid and received and in accordance with historical cost convention under which assets are shown at or below its original cost to the Establishment and no allowance has been made to cover its replacement cost.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Establishment has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3 Foreign currency transactions and translation

a - Functional and presentation currency

The reporting currency of the Establishment in which these financial statements are expressed is United States Dollar. Transaction in national currency i.e; United Arab Emirates Dirhams (AED), is taken at fixed rate of exchange of US Dollar 1 equal to 3.68 AED.

b - Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance income or costs". All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains - net.

3.4 Current/ non-current classification

The Establishment presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset as current when it is:

Expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Establishment classifies all other liabilities as non-current.

3.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to or by the Establishment.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3.6 Property, plant and equipment

Recognition and measurement:

Property, plant and equipment is stated at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs 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 the management.

The Establishment adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefit to the Establishment. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted, if there is an indication of significant change since the last reporting date.

Gain and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the other gain/losses - net in the statement of profit or loss.

Depreciation

Items of property, plant and equipment are depreciated on a straight - line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Agency will obtain ownership by the end of the lease term. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the assets is completed and ready for use. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Estimated useful life (years)
Computers and office equipment	3
Motor vehicles	4

3.7 Leases

The Establishment assesses at the inception of a contract, whether the contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Establishment assesses whether:

• The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Establishment.

• The Establishment has the right to obtain substantially all of the economic benefits from use of the Identified asset throughout the period of use, considering its rights within the defined scope of the contract.

• The Establishment has the right to direct the use of the identified asset throughout the period of use. The Establishment assesses whether It has the right to direct how and for what purpose the asset is used throughout the period of use.

3.7.1 Establishment as lessee

The Establishment applies a single recognition and measurement approach for all leases whereby right-of-use assets and lease liabilities are recognized except for the short-term leases and leases of low-value assets.

Short-term leases and leases a low-value assets

The Establishment elects not to recognize right-of-use assets and lease liability for short term lease contracts (i.e. lease period less than or equal to 12 months from the date of commencement) and for low value assets. The Establishment recognises payments associated with these leases as an expense on a straight-line basis over the lease term.

3.8 Financial instruments

Financial assets and financial liabilities are recognised when the Establishment becomes a party to the contractual provisions of the instrument.

For identification purpose only

3.9 Financial assets

Classification

The Establishment classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI "FVTOCI", or through profit or loss "FVTPL"),

- and those to be measured at amortised cost.

The classification depends on the Establishment's business model for managing the financial assets and the contractual terms of the cash flows.

The Establishment reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Establishment measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets comprise of cash and cash equivalents, trade and other receivables, due from related parties and other financial assets.

3.9.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.9.2 *Receivables*

Receivable balances that are held to collect are subsequently measured at the lower of amortized cost or the present value of estimated future cash flows. The present value of estimated future cash flows is determined through the use of value adjustments for uncollectible amounts. The Establishment assesses on a forward-looking basis the expected credit losses associated with its receivables and adjusts the value to the expected collectible amounts.

Receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

3.9.3 Other financial assets

Other financial assets include both debt instrument and equity instruments. Debt instruments include those subsequently carried at amortized cost, those carried at FVTPL and those carried at

3.9.4 Impairment of financial assets

The Establishment assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and due from related parties, the Establishment applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3.9.5 Derecognition of financial assets

The Establishment derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Establishment. If the Establishment neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Establishment recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Establishment retains substantially all the risks and rewards of ownership of a transferred financial asset, the Establishment continues to recognise the financial asset.

3.10 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Establishment's financial liabilities include other payables, loans and borrowings, due to and loans from related parties.

3.10.1 Other payables

Other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

3.10.2 Loans and borrowings

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

3.10.3 Derecognition of financial liabilities

The Establishment derecognises financial liabilities when, and only when, the Establishment's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

For identification purpose only

3.12 Inventory

Inventory is stated at the lower of cost and net realisable value. Costs of inventory is determined on weighted average basis. Cost of inventory comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventory to their present location and condition. Net realisable value represents the estimated selling price for inventory less all estimated costs of completion and costs necessary to make the sale.

3.13 Provisions

Provisions are recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that the Establishment will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Establishment expects to be entitled in exchange for those goods or services.

Sale of goods or services

Revenue from the sale of goods in normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring promised goods or services to the customer.

The consideration expected by the Establishment may include fixed or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Revenue for the sale of goods is recognized when control of the asset is transferred to the buyer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods or services are accounted for separately based on their stand-alone selling prices. Revenue is recorded net of value added tax (VAT). A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.

3.15 Value Added Tax (VAT)

Value Added Tax (VAT) asset/liability is recognised in the books on the basis of regulations defined by Federal Tax Authority (FTA).

Expenses and assets are recognized 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 as per UAE VAT Law, 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 reported under trade and other receivables or payables in the financial statements.

Note 4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Establishment's accounting policies, which are described in policy notes, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Establishment's accounting policies, which are described above, and due to the nature of operations, management makes the following judgement that has the most significant effect on the amounts recognised in the separate financial statements.

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Establishment considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Establishment has transferred control of the goods to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision as applicable.

Business model assessment - classification and measurement of separate financial statements

Classification and measurement of financial assets depends on the results of business model test. The Establishment determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Investment in associate

Management has assessed the level of influence that the Establishment has on its associate and determined that it has significant influence even though the share holding is below or equal to 20% because of the board representation and contractual terms. Consequently, this investment has been classified as an associate.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, 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.

Useful lives of Property, Plant and Equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Net realisable value of inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Impairment losses on trade and other receivables and other financial assets

The Establishment reviews its trade and other receivables and other financial assets to assess impairment at least on annual basis. The Establishment's credit risk is primarily attributable to its trade receivables. In determining whether the impairment loss should be reported in profit or loss, the Establishment makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the amount to be realized from the respective parties. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Employee's terminal benefits

For employees terminal provision, actuarial calculations are not made. Hence provision is made on the assumption that all employees were to leave as of the end of the reporting period since it provides, in management's opinion, a reasonable estimate of the present value of the terminal benefits.

Note 5 Property, plant and equipment

	Computers and Office equipment US$	Motor vehicles US$	Total US$
Cost			
At 31 March, 2023	4,717	28,467	33,184
At 31 March, 2024	4,717	28,467	33,184
Depreciation	33.33%	25%	
At 31 March, 2023	4,601	15,989	20,590
Charge for the year	116	7,136	7,252
At 31 March, 2024	4,717	23,125	27,842
Net carrying amount			
At 31 March, 2024	-	5,342	5,342
At 31 March, 2023	116	12,478	12,594

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Note 6 Inventory

	2024 US$	2023 US$
Inventory at cost	54,307	353,812
Allowance for impairment of inventory	-	(13,321)
Shortage in inventory	(13,784)	-
Total	40,523	340,491

Note 7 Trade and other receivables

	2024 US$	2023 US$
Trade receivables	96,081	456,358
Allowance for expected credit loss	(4,555)	(21,726)
Net trade receivables	91,526	434,632
Advance to staff	1,064	471
Prepayments	9,352	10,295
Refundable deposits	4,690	4,690
Other receivable	13,784	-
Total	120,416	450,088

7.1 Trade receivables

Trade receivables inherently expose the Establishment to credit risk, being the risk that the Establishment will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the Establishment only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical reedit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit term to customers on trade receivables is 78 days. No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financials instruments , and is monitored at the end of each reporting period. In addition to the loss allowance trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Establishment measures the loss allowance for trade receivables by applying a simplified approach which is prescribed by IFRS 9. In accordance either this approach the loss allowance on trade receivables is determined as the life time expected credit losses on trade receivables. These life time expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates for looking information and general economic conditions of the industry as at the reporting date.

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These has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Establishment's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on the past due status with disaggregating into further risk profiles. An age analysis of trade receivables is as follows

	2024 Gross amount US$	2024 Loss allowance US$	2023 Gross amount US$	2023 Loss allowance US$
0-30 days	4,983	-	108,626	-
31-60 days	-	-	80,869	-
61-90 days	9,283	-	36,398	-
91-180 days	30,715	-	150,569	-
181-365 days	46,545	-	58,170	-
More than 365 days	4,555	4,555	21,726	21,726
Total	96,081	4,555	456,358	21,726
Average days	78		167	

Note 8 Cash and cash equivalents

	2024 US$	2023 US$
Cash in hand	83	83
Bank current account balances	31,527	58,531
Total	31,610	58,614

Note 9 Provision for employees' end of service benefits

	2024 US$	2023 US$
Balance at 1 April,	12,960	9,417
Charge for the year	4,205	3,543
Total	17,165	12,960

Note 10 Other payables

	2024 US$	2023 US$
Creditors for expenses	11,237	26,172
Advance from customers	-	6,111
Accrued expenses	10,950	14,422
VAT liability	52	6,313
Total	22,239	53,018

Note 11 Related party - Carborandum Universal Limited India and associated entities

The Establishment enters into transactions with other parties that fall within the definition of a related party contained in International Financial Reporting Standards (IAS 24). Such transactions are carried out with such parties in the normal course of business and at terms that correspond to those on normal arm's length transactions with other parties.

Messrs. Carborandum Universal Limited India and associated entities are related parties. Related party transactions and balances arising out of these transactions at 31 March, 2024 are as follows:

Transactions:	2024 US$	2023 US$
Commercial		
Balance at 1 April,	652,810	1,039,664
Purchase of merchandise from related party	(47,881)	721,687
Goods in transit on 31 March	-	56,556
Payments against purchase during the year	(493,263)	(1,159,899)
Debit notes raised	-	(5,198)
Total due to	111,666	652,810

Note 12 Share capital

The share capital of the Establishment is one share of AED 100,000 (Equivalent to US$ 27,248) fully subscribed and paid up as described under (Note 1.4) .

Note 13 Voluntary reserve

In accordance with the management decision, 10% of the net profit has been set aside as voluntary reserve which shall remain indivisible until dissolution and liquidation of the Establishment. The appropriation to this reserve has been limited to 50% of the share capital of the Establishment.

Note 14 Schedule of cost of revenue and overheads

14.1 Cost of revenue

	2024 US$	2023 US$
Cost of raw materials	404,423	852,307
Warehousing charges	6,205	6,970
Customs clearing (inward materials)	10,809	34,484
Total	421,437	893,761

14.2 Payroll and related costs

	2024 US$	2023 US$
Salary	72,860	70,068
Leave salary	5,849	3,507
Gratuity	4,205	3,543
Medical/medical insurance	2,577	3,483
Air passage	1,997	2,239
Annual incentives	8,065	9,572
Total	95,553	92,412

14.3 Other general expenses and selling and distribution expenses

	2024 US$	2023 US$
Other general expenses - (Note 15) (See 14.4)	25,600	33,242
Selling and distribution expenses - (Note 15) (See 14.5)	19,115	64,102
Total	44,715	97,344

14.4 Other general expenses

	2024 US$	2023 US$
Vehicle fuel and maintenance	5,799	8,130
Food and beverages	1,707	3,295
Other office expense	1,767	3,219
Visa expense	349	1,431
Legal / professional fees	10,695	12,090
License and registration	5,283	5,077
Total	25,600	33,242

14.5 Selling and distribution expenses

	2024 US$	2023 US$
Duties and documentation	10,102	47,178
Local travel expenses	399	1,490
Warehouse pick, pack and documentation	2,261	5,480
Freight forward and distribution	673	5,528
Sales promotion	-	1,072
Foreign travel and accommodation	5,680	3,354
Total	19,115	64,102

Note 15 Selling, administration and other general expenses

	2024 US$	2023 US$
Payroll and related costs (See 14.2)	95,553	92,412
Office rent	6,908	7,429
Communications	3,786	5,737
Bad and doubtful debts	26,331	21,726
Other general expenses (See 14.4)	25,600	33,242
Selling and distribution expenses (See 14.5)	19,115	64,102
Depreciation	7,252	7,346
Total	184,545	231,994

Note 16 Other income

	2024 US$	2023 US$
Freight charges reimbursement	54	1,578
Miscellaneous income	5,710	-
Total	5,764	1,578

Note 17 Financial risk management

The Establishment has exposure to the following risks from use of its financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Establishment's exposure to each of the above risks, the Establishment's objectives, policies and processes for measuring and managing risk, and the Establishment's management of capital. Further quantitative disclosures are included throughout these financial statements.

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The Management has overall responsibility for the Establishment and oversight of the Establishment's risk management framework. The Management is responsible for developing and monitoring the Establishment's risk management policies.

The Establishment's risk management policies are established to identify and analyse the risks faced by the Establishment, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Establishment's activities. The Establishment, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

17.1 Credit risk

Credit risk is managed on group basis. Credit risk arises from derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The credit risk on liquid fund is limited because the counter parties are banks with high credit ratings assigned by International Credit Rating Agencies. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

Credit risk is limited to the carrying amount of the financial assets comprising of bank current account balances, bank term deposits, trade and other receivable and related party balances. The management continuously review all financial assets portfolios in order to assess reliability and risks associated therewith.

The maximum exposure to credit risk at the reporting date was:	2024 US$	2023 US$
Trade and other receivables	111,064	439,793

17.2 Liquidity risk

Liquidity risk is the risk that the Establishment will not be able to meet its financial obligations as they fall due. The Establishment's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Establishment's business and reputation.

The following are the contractual maturities of financial liabilities of the Establishment at the reporting date:

	Carrying amount US$	Contractual cash flows US$	Less than 1 year US$
Accruals and other payables	22,239	22,239	22,239
Related party - Cumi - India and associated entities	111,666	111,666	111,666
Employees' leave salary and passage	1,343	1,343	1,343
Total	135,248	135,248	135,248

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17.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Establishment's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Establishment's exposure to market risk arises from:

Currency risk

The Establishment is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of Establishment. As on the reporting date the Establishment is not exposed to exchange rate risk on transactions relating to US $.

Interest rate risk

The Establishment is exposed to interest rate risk when it borrows funds on floating interest rate. The Establishment do not have any interest bearing borrowing at the reporting date.

Note 18 Corporate Tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MOF") released Federal Decree-Law No.47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for tax periods beginning on or after 1 June 2023.

As the Establishment's accounting year ends on 31 March, the first tax period will be 1 April 2024 to 31 March 2025, with the first return to be filed on or before 31 December 2025.

The taxable income of the Establishment will be subject to the rate of 9% corporate tax. The Cabinet of Ministers Decision No. 116/2022 effective from 2023, has confirmed the threshold of income over which the 9% tax rate would apply and the Law is considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

As per the Establishment's assessment, there is no material deferred tax impact on account of the CT Law in the Establishment's financial statements for the year ended 31 March 2024.

Note 19 Approval of financial statements

These financial statements were approved by the board of directors and authorised for issue on 12 April, 2024.

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