

**LMW MIDDLE EAST FZE
JEBEL ALI FREE ZONE,
DUBAI, UNITED ARAB EMIRATES
AUDITED FINANCIAL STATEMENTS
31 MARCH 2022**

**FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD ENDED 31 MARCH 2022**

LMW Middle East FZE

Dubai, United Arab Emirates

TABLE OF CONTENTS

<u>Particulars</u>	<u>Page number</u>
General information	1
Manager's report	2-3
Independent auditor's report	4-6
Statement of financial position	7
Statement of profit or loss and other comprehensive income	8
Statement of cash flows	9
Statement of changes in equity	10
Notes to the financial statements	11-17
Statement of property, plant and equipment	18

LMW Middle East FZE
Dubai, United Arab Emirates

GENERAL INFORMATION

Shareholder : Lakshmi Machine Works Limited, India

Manager : Vijayasekar Srinivasan

TRN : Unregistered

Industrial License No : 11425495

Trading License No : 11425492

Principal activities of the Company:

The company is licensed to do the following activities:

1. Industrial Plant Equipment & Spare Parts Trading.
2. Specialized Industrial Machinery & Equipment Manufacturing.

Business Address : RA08EC06, Jebel Ali Free Zone
Dubai, United Arab Emirates.

Bank : Emirates NBD Bank

Auditor : Coast Accounting & Auditing
P.O. Box 45341
Dubai, United Arab Emirates

LMW Middle East FZE

Dubai, United Arab Emirates

MANAGER'S REPORT

The Manager is presenting his report and the audited financial statements for the period ended 31 March 2022.

Principal activities of the Company:

The company is licensed to do the following activities:

1. Industrial Plant Equipment & Spare Parts Trading.
2. Specialized Industrial Machinery & Equipment Manufacturing.

Financial review:

The table below summarizes the financial results:

	(figures in U.A.E Dirhams) <u>From 04 February 2022 to</u> <u>31 March 2022</u>
Revenue	-
Gross profit	-
Net (loss) for the period	(167,708)

Role of the Manager:

The Manager is the Company's principal decision-maker. The Manager has the overall responsibility for leading and supervising the Company, for delivering sustainable shareholder value through his guidance and supervision of the Company's business. The Manager sets the strategies and policies of the Company. He monitors performance of the Company's business, guides and supervises the management.

Events after year end:

In the opinion of the Manager, no transaction or event of a material and unusual nature, favorable or unfavorable, has arisen in the interval between the end of the financial year and the date of this report that is likely to affect, substantially, the result of the operations or the financial position of the Company.

(cont.. page 2)

Auditor:

M/s Coast Accounting & Auditing, Chartered Accountants, have showed their willingness to continue and are appointed to carry out independent audit for the year ending 31 March 2023.

Statement of Manager's responsibilities:

The applicable requirements require the Manager's to prepare the financial statements for each financial year, which presents fairly, in all material respects, the financial position of the Company, and its financial performance for the year then ended.

The audited financial statements for the year under review have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Manager confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Manager also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Company's financial conditions and results of its operations. These financial statements were approved by the Board and signed on behalf by the authorized representative of the Company.

LMW Middle East FZE

Authorized signatory

INDEPENDENT AUDITOR'S REPORT

To,
The Shareholder
LMW Middle East FZE
Dubai, United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **LMW Middle East FZE, Jebel Ali Freezone, Dubai, United Arab Emirates** ("Company") which comprise the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the period from 04 February 2022 to 31 March 2022, and 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 the Company as at 31 March 2022 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

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 requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and 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.

LMW Middle East FZE - 31 March 2022

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



LMW Middle East FZE - 31 March 2022

Report on other legal and regulatory requirements

We further confirm that,

1. Compliance with the Rules & Regulation of the Jebel Ali Free Zone Authority, Dubai UAE.
- 2 We have obtained all the information and explanations which we considered necessary for our audit,
- 3 The financial statements have been prepared and comply in all material respects with the applicable provisions of the relevant U.A.E. laws, and the Memorandum and Articles of Association of the Company,
- 4 The contents of the Manager's report which relates to the financial statements are in agreement with the Company's books of account,

COAST ACCOUNTING & AUDITING
Chartered Accountants

R.I. Bhatia

R.I. Bhatia
Reg. No.174, United Arab Emirates
Ministry of Economy (Audit Division)
Date: 13 April 2022



LMW Middle East FZE

Dubai, United Arab Emirates

Statement of financial position as at 31 March 2022

(figures in U.A.E Dirhams)

	<u>Notes</u>	<u>31.03.2022</u>
Assets		
<i>Non-current assets</i>		
Property, plant and equipments	7	273,041
Deposits	8	77,310
Total non-current assets		350,351
<i>Current Assets</i>		
Due from related party	9	39,800
Other current assets	10	672,880
Cash and cash equivalents	11	2,429,487
Total current assets		3,142,167
Total assets		3,492,518
Equity and liabilities		
<i>Equity</i>		
Share capital	12	2,470,500
Accumulated losses	13	(167,708)
Total equity		2,302,792
<i>Current liabilities</i>		
Due to related parties	14	1,151,368
Other current liabilities	15	38,358
Total current liabilities		1,189,726
Total liabilities		1,189,726
Total equity and liabilities		3,492,518

The attached notes form an integral part of these accounts.

Auditors report is annexed hereto.

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgment underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

For LMW Middle East FZE

Authorized Signatory

Page 7



LMW Middle East FZE

Dubai, United Arab Emirates

Statement of profit or loss and other comprehensive income for the period from 04 February 2022 to 31 March 2022

		(figures in U.A.E Dirhams) <u>From 04 February 2022 to</u> <u>31 March 2022</u>
	<u>Notes</u>	
Revenue		-
Cost of revenue		-
Gross profit		<u>-</u>
General and administrative expenses	16	<u>(167,708)</u>
Net (loss) for the period		<u>(167,708)</u>
Other comprehensive income		-
Total comprehensive (loss) for the period		<u>(167,708)</u>

The attached notes form an integral part of these accounts.
Auditor's Report is attached hereto.

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgment underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

For LMW Middle East FZE

Authorized Signatory



LMW Middle East FZE

Dubai, United Arab Emirates

Statement of cash flows for the period from 04 February 2022 to 31 March 2022

(figures in U.A.E Dirhams)

	<u>Notes</u>	<u>From 04 February 2022 to 31 March 2022</u>
<u>Cash Flows from operating activities</u>		
Net (loss) for the period		(167,708)
		<u>(167,708)</u>
Operating cash (used in) before changes in working capital		
<u>Changes in working capital</u>		
Due from related party	9	(39,800)
Other current assets	10	(672,880)
Due to related party	14	1,151,368
Other current liabilities	15	38,358
Net cash (used in) operating activities		<u>309,338</u>
<u>Cash Flow from investing activities</u>		
Purchase of property, plant & equipment	7	(273,041)
Deposits made	8	(77,310)
Net cash (used in) investing activities		<u>(350,351)</u>
<u>Cash Flows from financing activities</u>		
Introduction of share capital	12	2,470,500
Net cash from financing activities		<u>2,470,500</u>
Net increase in cash and cash equivalents		2,429,487
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		<u><u>2,429,487</u></u>
Represented by:		
Bank balance	11	2,429,487
		<u><u>2,429,487</u></u>



LMW Middle East FZE

Dubai, United Arab Emirates

Statement of changes in equity for the period from 04 February 2022 to 31 March 2022

(figures in U.A.E Dirhams)

	<u>Share Capital</u>	<u>Accumulated Losses</u>	<u>Total</u>
Balance at 04 February 2022	-	-	-
a. Share capital introduced	2,470,500	-	2,470,500
b. Net (loss) for the period	-	(167,708)	(167,708)
Balance at 31 March 2022	<u>2,470,500</u>	<u>(167,708)</u>	<u>2,302,792</u>



LMW Middle East FZE

Dubai, United Arab Emirates

Notes to the financial statements for the period from 04 February 2022 to 31 March 2022

1 LEGAL STATUS :

M/s LMW Middle East FZE is incorporated on 04 February 2022 and operate as a free zone company under industrial license no. 11425495 trading license no. 11425492 issued by the registration department of Jebel Ali Free Zone Authority, Dubai, U.A.E.

The registered address of the company is RA08EC06, Jebel Ali Free Zone, Dubai, U.A.E.

The company is managed by Vijayasekar Srinivasan, an Indian national.

2 BUSINESS ACTIVITIES :

The company is licensed to do the following activities:

1. Industrial Plant Equipment & Spare Parts Trading.
2. Specialized Industrial Machinery & Equipment Manufacturing.

3 BASIS OF PREPARATION :

- (a) The financial statements have been prepared under accrual basis of accounting and on the basis that the entity will continue as a going concern in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of the Free Zone.
- (b) The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standard Board ("IASB"), interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and requirements of the rules and regulations of Jebel Ali Free Zone Authority UAE.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS :

- (a) The preparation of these financial statements require management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and Companying disclosure at the reporting date
- (b) Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.



(Cont...)

LMW Middle East FZE
Dubai, United Arab Emirates

Notes to the financial statements for the period from 04 February 2022 to 31 March 2022

Significant accounting policies. (Cont. page 11)

5 ADOPTION OF NEW AND REVISED STANDARDS (IFRSS) :

The company has adopted and complied with the IFRS for SME's since the time it was first published. Any amendments or improvements are adopted by the company with effective dates. These financial statements are prepared as per IFRS effective as on 31 March 2022, except some IFRS not relevant to the company or not applicable as on the date of the financial statements have been excluded.

(i) Standards, amendments and interpretations issued

Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (Effective for annual period beginning on or after 01 January 2021)

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

The adaption of these new Standards, Improvements, Interpretations and Amendments did not have any material impact on the Company for the year ended 31 December 2021.

(ii) New Standards, Improvements, Interpretations and Amendments issued but not yet effective

The following new accounting Standards, Improvements, Interpretations and Amendments have been issued, but are not mandatory and hence have not been early adopted by the Company in preparing the financial statements for the year ended 31 December 2021.

Amendments to four IFRSs (01 January 2022)

Amendments to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use (01 January 2022)

New Standards, Improvements, Interpretations and Amendments issued but not yet effective

(ii) (continued)

Amendments to IAS 37 Onerous Contracts — Cost of Fulfilling a Contract (January 1, 2022)

Amendments to IAS 8 - Definition of Accounting Estimates (01 January 2022)

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies (January 1, 2023)

IFRS 17 Insurance Contracts (January 1, 2023)



LMW Middle East FZE
Dubai, United Arab Emirates

Notes to the financial statements for the period from 04 February 2022 to 31 March 2022
Significant accounting policies. (Cont. page 12)

Management anticipates that all of the above standards, improvements, interpretations and amendments will be adopted by the Company to the extent applicable from their effective dates. The adoption of these Standards, Improvements, Interpretations and Amendments is not expected to have a material impact on the financial statements of the Company in the year of their initial application.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

(a) Current and non-current classification:

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(b) Revenue recognition:

The Company recognizes revenue from contracts with customers based on five step model as set out in IFRS 15:

Step 1 - Identify the contracts with a customer : A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 - Identify the performance obligations in the contract : A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 - Determine the transaction price : The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.



LMW Middle East FZE
Dubai, United Arab Emirates

Notes to the financial statements for the period from 04 February 2022 to 31 March 2022
Significant accounting policies. (Cont. page 13)

Step 4 - Allocate the transaction price to the performance obligation in the contract : For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognize revenue when (or as) the Company satisfies a performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

During the year under audit, the company does not have any sales.

(c) Foreign currency translation:

Transactions denominated in foreign currencies are initially translated to U.A.E Dhrams at bank exchange rate on date of transaction. Assets and liabilities denominated in foreign currencies are re-translated to the functional currency at rate of exchange ruling on the balance sheet date. Any difference arising on such conversion is recognized in the Income statement as exchange gain/loss.

(d) Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement is bank balance only.

(e) Reporting currency and rounding up:

Both the functional and reporting currency are U.A.E. Dirham. The figures are rounded up to dirhams ignoring fils.

		(figures in U.A.E Dirhams)
		<u>From 04 February 2022 to 31</u>
		<u>March 2022</u>
7	<u>PROPERTY, PLANT AND EQUIPMENTS</u>	273,041
	Refer page no. 19	<u>273,041</u>
8	<u>DEPOSITS</u>	
	Deposits	77,310
		<u>77,310</u>
9	<u>DUE FROM RELATED PARTY</u>	
	Lakshmi Machine Works Limited, India	
	Relationship	
	Parent company	39,800
		<u>39,800</u>



LMW Middle East FZE
Dubai, United Arab Emirates

Notes to the financial statements for the period from 04 February 2022 to 31 March 2022

Significant accounting policies. (Cont. page 14)

(figures in U.A.E Dirhams)
From 04 February 2022 to 31
March 2022

10 OTHER CURRENT ASSETS

Other receivables	6,100
JAFZA portal balance	14,805
Advance to suppliers	40,530
Prepayments	611,445
	<u>672,880</u>

11 CASH AND CASH EQUIVALENTS

Bank Balance	2,429,487
	<u>2,429,487</u>

(Note: As per bank statements)

Reconciliation to cash and cash equivalents at the end of the financial period

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	2,429,487
Balance as per statement of cash flows	<u>2,429,487</u>

12 SHARE CAPITAL

Authorized, issued and paid up capital of the Company is AED 2,470,500/- divided into 24,705 shares of AED 100/- each. The name of the shareholder and its contribution in the capital is as follows:

S.No.	Name of the Shareholder	Nationality	No. of share	Share capital
1	Lakshmi Machine Works Limited	India	24,705	2,470,500
			<u>24,705</u>	<u>2,470,500</u>

13 ACCUMULATED LOSSES

Opening balance	-
Net (loss) for the year	(167,708)
Closing balance	<u>(167,708)</u>

14 DUE TO RELATED PARTIES

	Relationship	
Lakshmi Machine Works Limited, India	Parent company	1,151,368
		<u>1,151,368</u>

(Cont...)



LMW Middle East FZE
Dubai, United Arab Emirates

Notes to the financial statements for the period from 04 February 2022 to 31 March 2022

Significant accounting policies. (Cont. page 15)

(figures in U.A.E Dirhams)
From 04 February 2022 to 31
March 2022

15 OTHER CURRENT LIABILITIES

Other payables	36,358
Accrued expenses	2,000
	<u>38,358</u>

16 GENERAL AND ADMINISTRATIVE EXPENSES

Legal, visa and professional charges	69,034
Foreign exchange loss	1,213
Postage expenses	221
Rent expenses	94,315
Insurance expenses	900
Miscellaneous expenses	2,025
	<u>167,708</u>

17 FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognized on company's balance sheet when it has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favorable or any equity instrument. A financial liability is any liability that is contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavorable. The fair value of Financial Assets and financial liabilities equals their carrying values.

18 RISK MANAGEMENT

Credit Risk

The Company's exposure to credit risk is concentrated on deposit and bank balance.

The company bank account are with local banks operating in the U.A.E. Deposits with government departments are refundable and secured.



(Cont...)

LMW Middle East FZE
Dubai, United Arab Emirates

Notes to the financial statements for the period from 04 February 2022 to 31 March 2022

Significant accounting policies. (Cont. page 16)

Interest risk

Since Company has not borrowed any money from the bank or any third parties, as certified by the management, therefore, no interest risk.

Exchange Risk

There are no significant exchange rate risks as substantially all Financial Assets and financial liabilities are denominated in U.A.E. Dirham or US Dollars to which the U.A.E. Dirham is fixed.

Fair values

At the balance sheet date, the fair values of Financial Assets and liabilities at year end approximate to their carrying amounts and have been very carefully scrutinized by the management for their correctness.

19 COMPARATIVE FIGURES

The fiscal period covers the period of 1 month and 25 days from 04 February 2022 to 31 March 2022. This is the first financial year of the company. Therefore, the comparative figures are not applicable.

20 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and signed by the shareholder on 12 April 2022.



LMW Middle East FZE

Dubai, United Arab Emirates

Notes to the financial statements for the period from 04 February 2022 to 31 March 2022

7 Property, Plant and Equipment

	<u>Capital work in progress</u>	<u>Total</u>
Cost :		
Balance at 04 February 2022	-	-
Additions during the year	273,041	273,041
Balance at 31 March 2022	<u>273,041</u>	<u>273,041</u>
Accumulated Depreciation :		
Balance at 04 February 2022	-	-
Charge for the period	-	-
Balance at 31 March 2022	<u>-</u>	<u>-</u>
Net Book Value		
Balance at 31 March 2022	<u>273,041</u>	<u>273,041</u>
Balance at 04 February 2022	-	-

