Rao & Ross
AUDITING OF ACCOUNTS

# GTA Powermech DMCC

Financial statements

*31 March 2019*

Rao & Ross
AUDITING OF ACCOUNTS

*Contents* | *Page*

## INDEPENDENT AUDITORS' REPORT (continued)

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 March, 2019, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to note – 2 which indicate that these financial statements have been prepared on a going concern basis notwithstanding the accumulated loss of AED 65,572 /- at 31st March, 2019.The continuation of the Company operations is dependent upon future profitable operations, continued financial support of the shareholder, and the ability of the Company to generate future cash flows to meet its future obligations. The shareholder has confirmed her willingness to provide necessary support, financial or otherwise, for the Company to meet its future obligations as they fall due.

**Report on other legal and regulatory requirements**

We have obtained all the information and explanations we required for the purpose of our audit and to the best of our knowledge and belief, the financial statements comply in all material aspects with Dubai Multi Commodities Centre (DMCC) Company Regulations, 2003.

**Other matter**

These financial statements have been prepared for the first time from the incorporation of the company i.e. 08 July 2018 till 31 March 2019 and hence no comparative figures have been presented.

For **Rao & Ross Auditing of Accounts**

Blaniya

**Sachin R Paniya**
**Reg. no. 1173**
**Dubai**
**Dated**: 21 May 2019

راو روس لمراجعة الحسابات
P.O.Box: 242212
Dubai - U.A.E.
RAO AND ROSS AUDITING OF ACCOUNTS



P O Box 242212, Dubai UAE. Tel +971 (4) 3538338, Fax +971 (4) 3538538
Email - info@raoandross.com web - raoandross.com

# INDEPENDENT AUDITORS' REPORT

## THE SHAREHOLDER
## GTA POWERMECH DMCC

### Report on the financial statements

We have audited the accompanying financial statements of GTA Powermech DMCC (the "Company"), which comprise the statement of financial position as at 31 March, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

*Management's responsibility for the financial statements*

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

*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. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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 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 opinion on effectiveness of the entity's internal control. An audit 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 for our audit opinion.



P O Box 242212, Dubai UAE. Tel +971 (4) 3538338, Fax +971 (4) 3538538
Email - info@raoandross.com web - raoandross.com

Statement of financial position

As at 31 March 2019

| | Notes | 2019 AED |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Bank balances | 6 | **141,749** |
| | | **141,749** |
| **TOTAL ASSETS** | | **141,749** |
| **EQUITY & LIABILITIES** | | |
| **Equity** | | |
| Capital | | **100,000** |
| Accumulated (loss) | | **(65,572)** |
| **Total equity** | | **34,428** |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Trade and other payables | 7 | **107,321** |
| **Total Liabilities** | | **107,321** |
| **TOTAL EQUITY AND LIABILITIES** | | **141,749** |

**Mr. Bala Murali Krishna Jasti**

**Manager**

The attached notes 1 to 12 form part of financial statements

GTA Powermech DMCC

Statement of profit or loss and other comprehensive income

For the period ended 31 March 2019

| | Notes | *08.07.2018 to 31.03.2019* *AED* |
|---|---|---|
| **Revenue** | | **630,585** |
| Cost of revenue | | **(459,682)** |
| **Gross profit** | | **170,903** |
| Administrative, general & selling expenses | 8 | **(236,475)** |
| **Total comprehensive (loss) for the period** | | **(65,572)** |

**Mr. Bala Murali Krishna Jasti**

**Manager**

The attached notes 1 to 12 form part of financial statements

Statement of cash flows

For the period ended 31 March 2019

| | Notes | *08.07.2018 to 31.03.2019* *AED* |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Net (loss) for the period** | | **(65,572)** |
| **Operating (loss) before working capital changes** | | **(65,572)** |
| Increase in trade payables | | **107,321** |
| **Net cash from operating activities** | | **41,749** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Capital introduced | | **100,000** |
| **Net cash from financing activities** | | **100,000** |
| Net increase in cash and cash equivalents | | **141,749** |
| Cash and cash equivalents - beginning of period | | - |
| **Cash and cash equivalents - end of period** | | **141,749** |

The attached notes 1 to 12 form part of financial statements

Statement of changes in equity

For the period ended 31 March 2019

| | *Capital* | *Accumulated (loss)* | *Total* |
|---|---|---|---|
| | *AED* | *AED* | *AED* |
| **Capital introduced** | **100,000** | **-** | **100,000** |
| Total comprehensive (loss) for the period | - | **(65,572)** | **(65,572)** |
| **Balance at 31st March, 2019** | **100,000** | **(65,572)** | **34,428** |

**Capital consists of:**

100 shares of AED 1,000 each fully paid up.

1 **LEGAL STATUS**

1.1 **GTA POWERMECH DMCC,** ("the Company") is registered in Dubai Multi Commodity Centre, Government of Dubai – UAE, and financial statements incorporate fully the business carried on under Trading License No. DMCC - 463551 dated 08 July 2019.

1.2 The capital of the Company is divided into 100 shares of AED 1,000/- each.

1.3 Registered office address of the Company is Units No. 3579, DMCC Business Centre, Level No. 1, Jewellery & Gemplex 3, Dubai - UAE.

1.4 The Company is licensed for power generation, transmission & distribution equipment trading.

1.5 The shareholders at the reporting date were as under:

| Sr. no. | Shareholders | No. of shares | Capital |
|---|---|---|---|
| 1 | M/s Powermech Projects Limited | 50 | 50,000 |
| 2 | M/s Skipper T and D DMCC | 50 | 50,000 |
| | | | 100,000 |

1.6 The Company is managed by Mr. Bala Murali Krishna Jasti.

2 **GOING CONCERN**

These financial statements have been prepared on a going concern basis notwithstanding the accumulated loss of AED 65,572/- at 31 March 2019. The continuation of the Company operations is dependent upon future profitable operations, continued financial support of the shareholders, and the ability of the Company to generate future cash flows to meets it future obligations. The shareholders have confirmed their willingness to provide necessary support, financial or otherwise, for the Company to meet its future obligations as they fall due.

3 **BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and Dubai Multi Commodities Centre (DMCC) Company Regulations, 2003.

**(BASIS OF ACCOUNTING POLICIES Cont...)**

3.1 The financial statements have been prepared on the historical cost basis, modified to include the measurement at fair value of available-for-sale investments.

3.2 The financial statements are presented in United Arab Emirates Dirham ("AED"), which is also the Company's functional currency.

3.3 **Changes in accounting policies and disclosures**

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the previous year financial statements, except for the adoption of new standards and interpretations effective for annual period beginning on or after as of 1 January 2018, as listed below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and interpretation apply for the first time in 2018, they do not have a material impact on the financial statements of the Company.

**New standards and interpretation effective for annual period beginning on or after 1 January 2018**

- Amendments to IAS 1 Presentation of Financial Statements: Disclosure Initiative
- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements : Accounting for Acquisition of Interests in Joint Operations
- Amendments to IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements
- Amendments to IAS 16 Property, Plant And Equipment and IAS 41Agriculture : Accounting for agriculture Bearer Plants
- Amendments to IAS 16 Property, Plant And Equipment : Clarification of Acceptable Methods of Depreciation
- Amendments to IAS 38 Intangible Assets: Clarification of Acceptable Methods of Amortization
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Clarification of Applying the Consolidatiòn Exception
- Amendments to IAS 7 Statement of Cash Flows : Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Annual Improvements 2012-2014 Cycle includes:
    - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
    - IFRS 7 Financial Instruments: Disclosures
    - IAS 19 Employee Benefits
    - IAS 34 Interim Financial Reporting

**(SIGNIFICANTACCOUNTING POLICIES Cont...)**

**Standards issued but not yet effective**

- IFRS 16 Leases (1 January 2019)
- IFRS 17 Insurance Contracts (effective from 1 January 2021)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Company is currently assessing the impact of these standards on the future financial statements and intends to adopt these standards, if applicable, when they are effective.

4 **SIGINIFICANT ACCOUNTING POLICIES**

4.1 The significant accounting policies adopted, and which have been consistently applied by the Company, are as follows:

(a) **Revenue**

Revenue is recognised to the extent it is probable that economic benefits will flow to the Company and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discount, rebates, returns and other similar allowances.

(b) **Foreign Currency Transactions**

Transactions in foreign currencies are translated into UAE Dirham's at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE dirham's at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

Assets/liabilities of foreign operations are translated to presentation currency at the yearend rates and transactions are translated at actual/average rates.

(c) **Provisions**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits 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 obligations at the reporting date taking into account the risk and uncertainties surrounding the obligation, where a prevision is measured using the cash flow estimated to settle the present obligation. It carrying amount is the present value of those cash flow.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measures reliably.

**(d) Financial instruments-initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i. Financial assets**

**Initial recognition and measurement**

Financial assets with the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a tie frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include bank balances.

**Subsequent measurement**

The subsequent measurement of financial asset depends on their classification as described below:

- **Cash and cash equivalents**

  For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdraft.

**Derecognition of financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;

- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the assets, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**ii. Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in case of loans and borrowings, plus directly attributable transactions costs.

The Company's financial liabilities include trade and other payables.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification as described below:

- **Trade and other payables**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

**Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

**iii. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and the Company intends to settle on a net basis, or to realize the assets and the liabilities simultaneously.

**(e) Contingencies and commitments**

Contingent liabilities are not recognized in the financial statement. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclose when an inflow of economic benefits is probable.

## 5 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant impact on the amounts recognized in the financial statements.

**Estimates and assumptions**

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumption when they occur.

### 6 BANK BALANCES

| | 2019 |
|---|---|
| | AED |
| Cash at bank - current account | 141,749 |
| | 141,749 |

### 7 TRADE AND OTHER PAYABLES

| | 2019 |
|---|---|
| | AED |
| Trade payables | 3,597 |
| Accrued expenses | 103,724 |
| | 107,321 |

### 8 ADMINISTRATIVE, GENERAL & SELLING EXPENSES

| | 08.07.2018 to 31.03.2019 |
|---|---|
| | AED |
| Legal & professional charges | 87,663 |
| Travelling expenses | 123,087 |
| Printing and stationery expenses | 49 |
| Office expenses | 18,487 |
| Bank charges | 3,239 |
| Miscellaneous expenses | 3,950 |
| | 236,475 |

## 9 FINANCIAL RISK MANAGEMENT

### Overview

The Company has exposure to the following risk from its use of financial instruments:

**a** Credit risk

**b** Liquidity risk

**c** Market risk

**d** Operational risk

The note present information about the Company exposure to each of the above risks, the Company objectives, policies and processes for measuring and managing risk, and Company management of capital. Future quantitative disclosures are included throughout this financial statement.

### Risk management framework

The Management has overall responsibility for developing and monitoring the company risk management policies.

The management is responsible for setting the objectives and underlying principals of financial risk management for the Company. The Company's management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification, measurement and exposure limits. In accordance with the objectives and underlying principles approved by the shareholder.

There has been no change to the Company exposure to these financial risk or the manner in which it manages and measure the risk.

### a Credit risk

Credit risks refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Company.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

The carrying amount of financial assets represents the maximum credit exposure.

**b Liquidity risk**

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 limits its liquidity risk by ensuring the adequate internally generated funds and funds from the shareholder is available.

The table below summaries the maturities of the Company's undiscounted financial liabilities at 31 March based on contractual payment dates and current market interest rates.

| At 31 March 2019 | Less than 1 year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|
| Trade and other payables | 107,321 | - | - | 107,321 |
| | 107,321 | - | - | 107,321 |

**c 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 company income or the value it's holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

***Exchange rate risk***

There is no exchange rate risk as substantially all the transactions are denominated in U.A.E Dirhams or US Dollars to which the U.A.E. Dirham is pegged.

**d Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

In order to effectively manage those risks, the shareholder has approved specific strategies for the management of financial risks, which are in line with corporate objectives. These guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks that the Company faces.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

**10 SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There were no other significant events occurring after the balance sheet date, which require disclosure in the financial statements.

**11 PREVIOUS YEAR'S FIGURES**

These financial statements have been prepared for the first time from the incorporation of the company i.e. 08 July 2018 till 31 March 2019 and hence no comparitive figures have been presented.

**12** In the opinion of the management, all the assets as shown in the financial statements are existing and realisable at the amount shown against them, and there are no liabilities against the Company, contingent or otherwise, not included in the above financial statements.

**Mr. Bala Murali Krishna Jasti**

**Manager**