

**Blue Water Trading & Treatment (FZE)  
Sharjah Airport International Free Zone  
Sharjah - United Arab Emirates**

**Auditor's Report and Financial Statements  
For the year ended March 31, 2024**



**Blue Water Trading & Treatment (FZE)**  
Sharjah Airport International Free Zone  
Sharjah - United Arab Emirates

Table of contents

---

|  | <u>Pages</u> |
|--|--------------|
| Independent Auditor's Report                               | 1 - 3        |
| Statement of financial position                            | 4            |
| Statement of profit or loss and other comprehensive income | 5            |
| Statement of changes in equity                             | 6            |
| Statement of cash flows                                    | 7            |
| Notes to the financial statements                          | 8 - 25       |



Ref: JM/AR/2024/240438

### Independent Auditor's Report

To,

The Shareholder

**M/s. Blue Water Trading & Treatment (FZE)**

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of **M/s. Blue Water Trading & Treatment (FZE)** (the "Entity") which comprise the statement of financial position as at March 31, 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024 and 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 Entity in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), issued by International Ethics Standards Board for Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other Matter**

The financial statements of the Entity for the year ended March 31, 2023 which are shown as comparatives, were audited by another auditor who expressed an unmodified opinion on those statements on August 05, 2023.

##### **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 International Financial Reporting Standards (IFRSs) and their preparation in compliance with the requirements of applicable provisions of the Emiri Decree No. (2) of 1995 issued on May 08, 1995 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Entity's financial reporting process.

## **Independent Auditor's Report to the Shareholder of Blue Water Trading & Treatment (FZE) (continued)**

### **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 judgement 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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**

Further, as required by the Emiri Decree No. (2) of 1995 issued on May 08, 1995, we confirm that,

- 1 We have obtained all the information and explanations which we consider necessary for our audit.
- 2 The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Emiri Decree No. (2) of 1995 issued on May 08, 1995 and the Memorandum and Articles of Association of the Entity.

**Independent Auditor's Report to the Shareholder of Blue Water Trading & Treatment (FZE) (continued)**

**Report on Other Legal and Regulatory Requirements (continued)**

- 3 Proper books of accounts have been maintained by the Entity.
- 4 The Entity has not made any investments in share and stocks during the year ended March 31, 2024.
- 5 Note 19 to the financial statements discloses material related party transactions and the terms under which they were conducted.
- 6 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended March 31, 2024 any of the applicable provisions of the Emiri Decree No. (2) of 1995 issued on May 08, 1995 or the Memorandum and Articles of Association of the Entity, which would materially affect its activities or its financial position as at March 31, 2024.

**For UHY James Chartered Accountants**



**James Mathew FCA, CPA**

**Managing Partner**

**Reg. No. 548**

**July 18, 2024**

**Dubai - United Arab Emirates**



**Blue Water Trading & Treatment (FZE)**

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

Statement of financial position as at March 31, 2024


(In Arab Emirates Dirham)

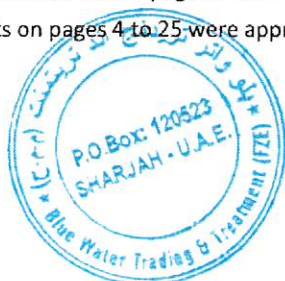
|  | Notes | 2024                     | 2023                     |
|--|-------|--------------------------|--------------------------|
| <b>Assets</b>                              |       |                          |                          |
| <i>Non-current assets</i>                  |       |                          |                          |
| Property, plant and equipment              | 7     | 13,100,680               | 15,535,173               |
| Other financial assets                     | 8     | 84,825                   | 84,825                   |
| Other non-current assets                   | 9     | -                        | 94,836                   |
| <i>Total non-current assets</i>            |       | <u>13,185,505</u>        | <u>15,714,834</u>        |
| <i>Current assets</i>                      |       |                          |                          |
| Inventories                                | 10    | -                        | 17,206,170               |
| Accounts receivable                        | 11    | 1,348,369                | 5,655,904                |
| Cash and bank balances                     | 12    | 3,399                    | 3,772,177                |
| Fixed deposits                             | 13    | 2,153,161                | 7,617,887                |
| Prepayments, advances and other receivable | 14    | 1,112,344                | 1,703,115                |
| Other financial assets                     | 15    | 92,772                   | 78,622                   |
| <i>Total current assets</i>                |       | <u>4,710,045</u>         | <u>36,033,875</u>        |
| <b>Total assets</b>                        |       | <u><b>17,895,550</b></u> | <u><b>51,748,709</b></u> |
| <b>Equity and liabilities</b>              |       |                          |                          |
| <i>Equity</i>                              |       |                          |                          |
| Share capital                              | 16    | 150,000                  | 150,000                  |
| Retained earnings                          | 17    | 12,626,602               | 42,830,257               |
| <i>Total equity</i>                        |       | <u>12,776,602</u>        | <u>42,980,257</u>        |
| <i>Non-current liabilities</i>             |       |                          |                          |
| Employee's end of service benefits         |       | 509,673                  | -                        |
| <i>Total non-current liabilities</i>       |       | <u>509,673</u>           | <u>-</u>                 |
| <i>Current liabilities</i>                 |       |                          |                          |
| Trade and other payables                   | 20    | 939,275                  | 1,696,741                |
| Borrowings                                 | 18    | 3,670,000                | 7,071,711                |
| <i>Total current liabilities</i>           |       | <u>4,609,275</u>         | <u>8,768,452</u>         |
| <b>Total liabilities</b>                   |       | <u><b>5,118,948</b></u>  | <u><b>8,768,452</b></u>  |
| <b>Total equity and liabilities</b>        |       | <u><b>17,895,550</b></u> | <u><b>51,748,709</b></u> |

The accompanying notes from page 8 to 25 form an integral part of these financial statements.

The report of the auditor is set out on pages 1 to 3.

The financial statements on pages 4 to 25 were approved on July 18, 2024 and signed on behalf of the Entity, by:

  
**Mr. Ashish Singal**  
 Manager



**Blue Water Trading & Treatment (FZE)**

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended March 31, 2024

(In Arab Emirates Dirham)

|  | <u>Notes</u> | <u>2024</u>         | <u>2023</u>  |
|--|--------------|---------------------|--------------|
| Revenue  | 21           | <b>26,535,211</b>   | 26,213,178   |
| Other income   | 22           | <b>3,102,320</b>    | 51,537       |
| <b>Total income</b>                                  |              | <b>29,637,531</b>   | 26,264,715   |
| <b>Expenses</b>                                      |              |                     |              |
| Cost of raw materials consumed                       | 23 (i)       | <b>(16,950,075)</b> | (18,077,668) |
| Decrease/(increase) in inventories of finished goods | 23 (ii)      | <b>(6,173,470)</b>  | 1,094,910    |
| Employee benefits expenses                           | 24           | <b>(1,955,168)</b>  | (2,430,767)  |
| Finance costs  | 25           | <b>(446,457)</b>    | (711,551)    |
| Depreciation expense                                 | 26           | <b>(2,478,980)</b>  | (2,214,230)  |
| Administrative expenses                              | 27           | <b>(1,290,036)</b>  | (2,512,422)  |
|  |              | <b>(29,294,186)</b> | (24,851,728) |
| <b>Profit for the year</b>                           |              | <b>343,345</b>      | 1,412,987    |
| Other comprehensive income                           |              | -                   | -            |
| <b>Total comprehensive income for the year</b>       |              | <b>343,345</b>      | 1,412,987    |

The accompanying notes from page 8 to 25 form an integral part of these financial statements.

The report of the auditor is set out on pages 1 to 3.



**Blue Water Trading & Treatment (FZE)**  
 Sharjah Airport International Free Zone  
 Sharjah - United Arab Emirates

Statement of changes in equity for the year ended March 31, 2024  
 (In Arab Emirates Dirham)

|                                     | <u>Share capital</u> | <u>Retained earnings</u> | <u>Total equity</u> |
|-------------------------------------|----------------------|--------------------------|---------------------|
| Balance as at April 01, 2022        | 150,000              | 41,417,270               | 41,567,270          |
| Profit for the year                 | -                    | 1,412,987                | 1,412,987           |
| Balance as at March 31, 2023        | 150,000              | 42,830,257               | 42,980,257          |
| Profit for the year                 | -                    | 343,345                  | 343,345             |
| Dividend                            | -                    | (30,547,000)             | (30,547,000)        |
| <b>Balance as at March 31, 2024</b> | <b>150,000</b>       | <b>12,626,602</b>        | <b>12,776,602</b>   |

The accompanying notes from page 8 to 25 form an integral part of these financial statements.

The report of the auditor is set out on pages 1 to 3.





**Blue Water Trading & Treatment (FZE)**  
Sharjah Airport International Free Zone  
Sharjah - United Arab Emirates

Statement of cash flows for the year ended March 31, 2024  
(In Arab Emirates Dirham)

|  | <u>2024</u>        | <u>2023</u>        |
|--|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                                |                    |                    |
| Profit for the year  | 343,345            | 1,412,987          |
| <i>Adjustments for:</i>  |                    |                    |
| Depreciation of property, plant and equipment                              | 2,478,980          | 2,210,443          |
| Depreciation of right of use assets  | -                  | 3,787              |
| Provision for employee's end of service benefits                           | 509,673            | -                  |
| Interest income  | (80,921)           | (43,147)           |
| Finance costs  | 446,457            | 711,551            |
| <b>Operating profit before changes in operating assets and liabilities</b> | <b>3,697,534</b>   | <b>4,295,621</b>   |
| <i>(Increase)/decrease in current assets</i>                               |                    |                    |
| Inventories  | 17,206,170         | (1,283,835)        |
| Accounts receivable (*)  | (26,239,465)       | 6,179,209          |
| Prepayments, advances and deposits   | 685,607            | (558,409)          |
| Other financial assets   | 20,075             | 73,133             |
| <i>Increase/(decrease) in current liabilities</i>                          |                    |                    |
| Trade and other payables   | (757,466)          | (2,132,834)        |
| <b>Cash (used in)/generated from operations</b>                            | <b>(5,387,545)</b> | <b>6,572,885</b>   |
| Interest received  | 10,134             | 6,585              |
| <b>Net cash (used in)/from operating activities</b>                        | <b>(5,377,411)</b> | <b>6,579,470</b>   |
| <b>Cash flows from investing activities</b>                                |                    |                    |
| Acquisition of property, plant and equipment                               | (44,487)           | (11,060)           |
| Movement in fixed deposit  | 5,501,288          | (5,506,371)        |
| <b>Net cash from/(used in) investing activities</b>                        | <b>5,456,801</b>   | <b>(5,517,431)</b> |
| <b>Cash flows from financing activities</b>                                |                    |                    |
| Borrowings   | (3,401,711)        | 26,976             |
| Finance costs paid   | (446,457)          | (711,551)          |
| <b>Net cash (used in) financing activities</b>                             | <b>(3,848,168)</b> | <b>(684,575)</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                | <b>(3,768,778)</b> | <b>377,464</b>     |
| Cash and cash equivalents, beginning of the year                           | 3,772,177          | 3,394,713          |
| <b>Cash and cash equivalents, end of the year (note 12)</b>                | <b>3,399</b>       | <b>3,772,177</b>   |

\* Movement in the accounts receivable as at March 31, 2024 includes adjustment for non-cash transaction of AED 30,547,000 relating to interim dividend executed as a non-cash transaction by passing board resolution in the Board of Directors meeting held on March 31, 2024.

The accompanying notes from page 8 to 25 form an integral part of these financial statements.

The report of the auditor is set out on pages 1 to 3.



## Blue Water Trading & Treatment (FZE)

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024

---

### 1 Legal status and business activities

- 1.1 M/s. Blue Water Trading & Treatment (FZE), Sharjah International Airport Free Zone, Sharjah - United Arab Emirates (the "Entity") was incorporated on July 03, 2006 as a Free Zone Establishment with Limited Liability and operates in the United Arab Emirates under Commercial license no. 04119 and Industrial license no. 04769 issued by Sharjah Airport International Free Zone, Government of Sharjah, Sharjah - United Arab Emirates.
- 1.2 The Entity is licensed to engage in trading in water treatment equipment and manufacturing of water filters.
- 1.3 The registered office of the Entity is SAIF Executive Office, P6-051 & 052, P.O. Box: 120523, Sharjah - United Arab Emirates.
- 1.4 The management and control is vested with the with the Manager, Mr. Ashish Singhal (Indian national).

### 2 Income and deferred tax

On December 09, 2022, the U.A.E. Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax (CT) regime in the U.A.E. The CT regime is effective from June 01, 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after June 01, 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% CT rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. 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, and a rate of 0% will apply on qualifying income of qualifying free zone entities. Subject to meeting certain conditions to be considered a Qualifying FZ Person ("QFZP"), the Entity may be subject to U.A.E. CT at (i) 0% on Qualifying Income, and (ii) 9% on taxable income that is not Qualifying Income.

The Entity will be subject to CT commencing January 01, 2024.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 3 New standards and amendments

#### 3.1 New standards and amendments applicable as on April 01, 2023

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after April 01, 2023.

- IFRS 17 - *Insurance Contracts* (Including the June 2020 and December 2021 amendments)



**3 New standards and amendments (continued)**

**3.1 New standards and amendments applicable as on April 01, 2023 (continued)**

- Deferred Tax related to Assets and Liabilities arising from Single Transaction - Amendments to IAS 12, *Income*
- International Tax Reform (Pillar Two Model Rules) - Amendments to IAS 12, *Income Taxes*
- Disclosure of Accounting Policies - Amendments to IAS 1, *Presentation of Financial Statements and IFRS Practice Statement 2*
- Definition of Accounting Estimates - Amendments to IAS 8, *Accounting policies, Changes in Accounting Estimates and Errors*

The management believes that the adoption of the above amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the financial statements.

**3.2 New standards and amendments issued but not effective for the current annual period**

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending March 31, 2024.

| <u>Description</u>  | <u>Effective for annual periods<br/>beginning on or after</u> |
|---|---|
| Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7  | April 01, 2024  |
| Lease Liability in a Sale and Leaseback - Amendments to IFRS 16   | April 01, 2024  |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> | April 01, 2024  |
| IFRS 16 - <i>Leases</i> (Amendment - Liability in a Sale and Leaseback)   | April 01, 2024  |
| Classification of Liabilities as Current or Non-Current - Amendments to IAS 1, <i>Presentation of Financial Statements</i>  | April 01, 2024  |
| Non Current Liabilities with Covenants - Amendments to IAS 1, <i>Presentation of Financial Statements</i>   | April 01, 2024  |

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application.

**4 Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and applicable U.A.E. laws. These financial statements are presented in Arab Emirates Dirham (AED) which is the Entity's functional and presentation currency.

**5 Basis of preparation**

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies as follows.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these financial statements are set out as follows.



## **6 Significant accounting policies**

### **6.1 Current/Non-current classification**

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in 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 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 Entity classifies all other liabilities as non-current.

### **6.2 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 by the Entity.

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 best economic 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.

### **6.3 Foreign currency**

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

### **6.4 Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the separate statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

**6 Significant accounting policies (continued)**

**6.4 Property, plant and equipment (continued)**

Depreciation on the property, plant and equipment (other than capital work in progress) is provided on written down value basis over their useful lives which is in consonance of useful life mentioned in Schedule II to the Companies Act, 2013 or useful life as determined based on internal technical evaluation. The estimated useful lives are as under:

|                        | <u>Years</u> |
|------------------------|--------------|
| Plant and machinery    | 1 - 20       |
| Vehicles               | 5 - 10       |
| Office equipment       | 1 - 5        |
| Furniture and fixtures | 1 - 5        |

When part of an item of property, plant and equipment have different useful lives, they are accounted for separately.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income.

**6.5 Impairment of tangible assets**

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. The reversal of impairment loss is limited so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

**6.6 Financial instruments**

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



**6 Significant accounting policies (continued)**

**6.6 Financial instruments (continued)**

**6.6.1 Financial assets (continued)**

Classification

The Entity 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 Entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Entity 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 the statement of profit or loss and other comprehensive income.

Financial assets comprise of cash and cash equivalents, accounts receivable and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current account with banks.

Accounts receivable

Accounts 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 uncollectable amounts. The Entity assesses on a forward-looking basis the expected credit losses associated with its accounts receivable and adjusts the value to the expected collectible amounts.

Accounts receivable 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 accounts receivable 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.

Impairment of financial assets

For accounts receivable, the Entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

The Entity 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 entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

## Blue Water Trading & Treatment (FZE)

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024

---

### 6 Significant accounting policies (continued)

#### 6.6 Financial instruments (continued)

##### 6.6.2 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, borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables and bank borrowings.

##### Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

##### 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.

##### Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity'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 and other comprehensive income.

#### 6.7 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.

#### 6.8 Inventories

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

#### 6.9 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity 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.



## **6 Significant accounting policies (continued)**

### **6.10 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 Entity expects to be entitled in exchange for those goods or services.

#### Sale of goods

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 Entity expects to be entitled in exchange for transferring promised goods or services to the customer.

The consideration expected by the Entity 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.

#### **6.10.1 Performance obligations**

Information about the Entity's performance obligations are summarised below:

#### Sale of goods

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been handed over to the customer, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

### **6.11 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Entity's accounting policies, which are described in policy notes, the management are 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 periods if the revision affects both current and future periods.

The significant judgments 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 as follows.

#### **Critical judgements in applying accounting policies**

In the process of applying the Entity'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 financial statements.



**Blue Water Trading & Treatment (FZE)**

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024

---

**6 Significant accounting policies (continued)**

**6.11 Critical accounting judgements and key sources of estimation uncertainty (continued)**

**Critical judgements in applying accounting policies (continued)**

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferred control of the services to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate.

**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 as follows.

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.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are 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.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the financial statements.



**Blue Water Trading & Treatment (FZE)**  
 Sharjah Airport International Free Zone  
 Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024  
 (In Arab Emirates Dirham)

| <b>7 Property, plant and equipment</b>     | <b>Plant and machinery</b> | <b>Vehicles</b> | <b>Office equipment</b> | <b>Furniture and fixtures</b> | <b>Total</b>      |
|--|----------------------------|-----------------|-------------------------|-------------------------------|-------------------|
| <b>Cost</b>                                |                            |                 |                         |                               |                   |
| As at April 01, 2022                       | 35,576,874                 | 136,600         | 460,258                 | 929,171                       | 37,102,903        |
| Additions during the year                  | 1,180                      | -               | 9,880                   | -                             | 11,060            |
| As at March 31, 2023                       | 35,578,054                 | 136,600         | 470,138                 | 929,171                       | 37,113,963        |
| Additions during the year                  | 29,290                     | -               | 15,197                  | -                             | 44,487            |
| <b>As at March 31, 2024</b>                | <b>35,607,344</b>          | <b>136,600</b>  | <b>485,335</b>          | <b>929,171</b>                | <b>37,158,450</b> |
| <b>Accumulated depreciation</b>            |                            |                 |                         |                               |                   |
| As at April 01, 2022                       | 18,355,320                 | 44,060          | 375,766                 | 593,201                       | 19,368,347        |
| Charge for the year (note 26)              | 2,056,216                  | 13,360          | 40,461                  | 100,406                       | 2,210,443         |
| As at March 31, 2023                       | 20,411,536                 | 57,420          | 416,227                 | 693,607                       | 21,578,790        |
| Charge for the year (note 26)              | 2,245,723                  | 49,799          | 42,763                  | 140,695                       | 2,478,980         |
| <b>As at March 31, 2024</b>                | <b>22,657,259</b>          | <b>107,219</b>  | <b>458,990</b>          | <b>834,302</b>                | <b>24,057,770</b> |
| <b>Carrying value as at March 31, 2024</b> | <b>12,950,085</b>          | <b>29,381</b>   | <b>26,345</b>           | <b>94,869</b>                 | <b>13,100,680</b> |
| Carrying value as at March 31, 2023        | 15,166,518                 | 79,180          | 53,911                  | 235,564                       | 15,535,173        |



**Blue Water Trading & Treatment (FZE)**  
Sharjah Airport International Free Zone  
Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024  
(In Arab Emirates Dirham)

|                                    | <u>2024</u>      | <u>2023</u>       |
|------------------------------------|------------------|-------------------|
| <b>8 Other financial assets</b>    |                  |                   |
| Deposits - unsecured               | <u>84,825</u>    | <u>84,825</u>     |
| <b>9 Other non-current assets</b>  |                  |                   |
| Advance to supplier                | <u>-</u>         | <u>94,836</u>     |
| <b>10 Inventories</b>              |                  |                   |
| Raw materials                      | -                | 11,032,700        |
| Finished goods                     | <u>-</u>         | <u>6,173,470</u>  |
| Total                              | <u>-</u>         | <u>17,206,170</u> |
| <b>11 Accounts receivable</b>      |                  |                   |
| Due from a related party (note 19) | <u>1,348,369</u> | <u>5,655,904</u>  |

The average credit period for the accounts receivable is 90 days (2023: 90 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

|   | <u>2024</u>      | <u>2023</u>      |
|---|------------------|------------------|
| <u>Ageing of accounts receivable that are neither past nor due:</u> |                  |                  |
| Not due   | -                | 4,145,626        |
| <u>Ageing of accounts receivable that are past due:</u>             |                  |                  |
| 0 - 90 days   |                  |                  |
| 91 - 180 days   | -                | 161,579          |
| 181 days - 365 days   | -                | -                |
| 365 days and above  | <u>1,348,369</u> | <u>1,348,699</u> |
|   | <u>1,348,369</u> | <u>5,655,904</u> |

Impairment of accounts receivable:

The Entity applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. In determining the impairment loss on accounts receivable, the Entity does not consider any changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The management has established a provision matrix that is based on its historic credit loss experience, adjusted for forward-looking information specific to the debtor and the overall economic environment. The management has concluded that the Expected Credit Loss (ECL) for accounts receivable to be immaterial as at the reporting date.

|  | <u>2024</u>      | <u>2023</u>      |
|--|------------------|------------------|
| <u>Geographical analysis:</u>                                    |                  |                  |
| The geographical analysis of accounts receivable are as follows: |                  |                  |
| Outside U.A.E.   | <u>1,348,369</u> | <u>5,655,904</u> |

|                                  |              |                  |
|----------------------------------|--------------|------------------|
| <b>12 Cash and bank balances</b> |              |                  |
| Cash in hand                     | 175          | 1,107            |
| Cash at banks                    | <u>3,224</u> | <u>3,771,070</u> |
|                                  | <u>3,399</u> | <u>3,772,177</u> |

Management has concluded that the Expected Credit Loss (ECL) for all bank balances is immaterial as these balances are held with banks/financial institutions whose credit risk rating by international rating agencies has been assessed as low.



**Blue Water Trading & Treatment (FZE)**  
Sharjah Airport International Free Zone  
Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024  
(In Arab Emirates Dirham)

|  | <u>2024</u>      | <u>2023</u>      |
|--|------------------|------------------|
| <b>13 Fixed deposits</b>                 |                  |                  |
| Fixed deposits - under lien (*)          | 2,153,161        | 2,112,887        |
| Fixed deposits with maturity 3-12 months | -                | 5,505,000        |
|  | <u>2,153,161</u> | <u>7,617,887</u> |

\* Fixed deposits of AED 2,153,161 (including accrued interest), is pledged in favour of National Bank of Fujairah, Sharjah for borrowings obtained from M/s. AF Holdings - Mauritius (note 18).

|  | <u>2024</u>      | <u>2023</u>      |
|--|------------------|------------------|
| <b>14 Prepayments, advances and other receivable</b> |                  |                  |
| Advance paid to shareholder (note 19)                | -                | 1,044,123        |
| Due from shareholder (note 19)                       | 650,000          | -                |
| Advance paid to suppliers                            | 149,600          | 344,616          |
| Prepayments  | 76,119           | 92,506           |
| VAT receivable - net                                 | 236,625          | 221,870          |
|  | <u>1,112,344</u> | <u>1,703,115</u> |

|   |               |               |
|---|---------------|---------------|
| <b>15 Other financial assets</b>              |               |               |
| Security deposits                             | 21,985        | 42,060        |
| Interest accrued on fixed deposits with banks | 70,787        | 36,562        |
|   | <u>92,772</u> | <u>78,622</u> |

**16 Share capital**

Authorised, issued and paid up capital of the Entity is AED 150,000 divided into 1 share of AED 150,000 each fully paid.

The details of the shareholding as at the reporting date are as follows:

| <u>Name of shareholder</u> | <u>Domicile</u> | <u>Percentage</u> | <u>No. of share</u> | <u>2024</u> | <u>2023</u> |
|----------------------------|-----------------|-------------------|---------------------|-------------|-------------|
| M/s. Concord Enviro (FZE)  | U.A.E.          | 100               | 1                   | 150,000     | 150,000     |

|                                      | <u>2024</u>       | <u>2023</u>       |
|--------------------------------------|-------------------|-------------------|
| <b>17 Retained earnings</b>          |                   |                   |
| Balance at the beginning of the year | 42,830,257        | 41,417,270        |
| Profit for the year                  | 343,345           | 1,412,987         |
| Dividend (*) (note 19)               | (30,547,000)      | -                 |
| Balance at the end of the year       | <u>12,626,602</u> | <u>42,830,257</u> |

\* During the year, the Board of Directors of the Entity passed a resolution in their meeting held on March 31, 2024, to declare and pay an interim dividend amounting to AED 30,547,000. This dividend was executed as a non-cash transaction and adjusted against the balance of the Parent Entity as at March 31, 2024.

|  | <u>2024</u>      | <u>2023</u>      |
|--|------------------|------------------|
| <b>18 Borrowings</b>                                 |                  |                  |
| <b>a) Unsecured borrowings</b>                       |                  |                  |
| M/s. AF Holdings - Mauritius (notes i and 19)        | 3,670,000        | 3,670,000        |
| <b>b) Short term borrowings</b>                      |                  |                  |
| Trust receipts - National Bank of Fujairah (note ii) | -                | 3,401,711        |
| <b>Total borrowings</b>                              | <u>3,670,000</u> | <u>7,071,711</u> |



**Blue Water Trading & Treatment (FZE)**  
Sharjah Airport International Free Zone  
Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024  
(In Arab Emirates Dirham)

**18 Borrowings (continued)**

i) The terms and conditions for the unsecured loan are as follows:

- 1 Unsecured loan obtained from a related party, M/s. AF Holdings ("lender") organized under the laws of Mauritius, and having its principal place of business at c/o International Financial Services Limited, IFS Court, Bank Street, TwentyEight Cybercity, Ebène 72201, Republic of Mauritius - Mauritius.
- 2 In the current reporting period, extension letter dated October 26, 2023 signed by the lender, states the rate of interest is fixed @ 8% p.a. compounded and payable in USD on semi-annual basis from November 01, 2022 (rate of interest prior to November 01, 2022 was 8.80% p.a. compounded and payable in USD on semi-annual basis).

ii) Business loans and overdraft facility from National Bank of Fujairah is secured by the following:

- 1 Joint and several personal guarantees of Mr. Ashish Singal and Mr. Prerak Goel (the Guarantors).
- 2 Cross corporate guarantees between Mis Blue Water Trading & Treatment (FZE) and M/s. Concord Enviro (FZE), SAIF Zone, Sharjah - U.A.E. (the Guarantors).
- 3 Pledge over fixed deposit of AED 2,112,887 in the name of M/s Blue Water Trading & Treatment (FZE), in favour of National Bank of Fujairah, Sharjah.
- 4 Settlement cheque covering total facilities amount (less fixed deposit under pledge) drawn on National Bank of Fujairah, Sharjah.
- 5 Assignment of insurance policy covering stocks of AED 14,500,000 in favour of National Bank of Fujairah, Sharjah.

**19 Related party transactions**

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related Party Disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

|  | <u>2024</u>             | <u>2023</u>             |
|--|-------------------------|-------------------------|
| <b>a) Due from related parties (included in accounts receivable) (note 11)</b> |                         |                         |
| <i>Shareholder</i>   |                         |                         |
| M/s. Concord Enviro (FZE), Sharjah - U.A.E.                                    | 650,000                 | 1,044,123               |
| <i>Entity under common management and control</i>                              |                         |                         |
| M/s. Rochem Separation Systems (India) Private Limited - India                 | <u>1,348,369</u>        | <u>5,655,904</u>        |
|  | <u><u>1,998,369</u></u> | <u><u>6,700,027</u></u> |
| <b>b) Due to a related party (included in borrowings) (note 18)</b>            |                         |                         |
| <i>Entity having significant influence</i>                                     |                         |                         |
| M/s. AF Holdings - Mauritius   | <u><u>3,670,000</u></u> | <u><u>3,670,000</u></u> |



**Blue Water Trading & Treatment (FZE)**  
Sharjah Airport International Free Zone  
Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024  
(In Arab Emirates Dirham)

**19 Related party transactions (continued)**

**c) Transactions with related parties**

The nature of significant related party transactions and the amounts involved were as follows:

|  | <b>For the year ended March 31,</b> |             |
|--|-------------------------------------|-------------|
|  | <b>2024</b>                         | <b>2023</b> |
| <i>Shareholder</i>   |                                     |             |
| Dividend (note 17)   | <b>30,547,000</b>                   | -           |
| Purchase of goods  | <b>4,646,387</b>                    | 5,504,247   |
| Sale of goods and services   | <b>17,601,748</b>                   | 3,790,754   |
| Expenses recharged to the shareholder (note 22)  | <b>2,850,000</b>                    | -           |
| <i>Entity under common management and control</i>  |                                     |             |
| Interest expense on unsecured borrowings (note 25)   | <b>294,203</b>                      | 279,986     |
| Sale of goods and services   | <b>8,933,464</b>                    | -           |
| Purchase of goods  | <b>404,537</b>                      | -           |
| <b>20 Trade and other payables</b>   | <b>2024</b>                         | <b>2023</b> |
| Trade payables   | <b>442,495</b>                      | 1,157,108   |
| Other payables   | <b>496,780</b>                      | 539,633     |
|  | <b>939,275</b>                      | 1,696,741   |
| <b>21 Revenue</b>  | <b>For the year ended March 31,</b> |             |
|  | <b>2024</b>                         | <b>2023</b> |
| Revenue from contracts with customers  | <b>26,535,211</b>                   | 26,213,178  |
| <b>21.1 Disaggregated revenue information</b>  |                                     |             |
| Set out below is the disaggregation of the Entity's revenue from contracts with customers. |                                     |             |
| <b>Segments</b>  |                                     |             |
| <b>Type of revenue</b>   |                                     |             |
| Sale of goods  | <b>26,535,211</b>                   | 26,213,178  |
| <b>Total revenue from contracts with customers</b>   | <b>26,535,211</b>                   | 26,213,178  |
| <b>Geographical markets</b>  |                                     |             |
| Within U.A.E.  | <b>17,601,747</b>                   | 3,790,754   |
| Outside U.A.E.   | <b>8,933,464</b>                    | 22,422,424  |
| <b>Total revenue from contracts with customers</b>   | <b>26,535,211</b>                   | 26,213,178  |
| <b>Timing of revenue recognition</b>   |                                     |             |
| Goods transferred at a point in time   | <b>26,535,211</b>                   | 26,213,178  |
| <b>Total revenue from contracts with customers</b>   | <b>26,535,211</b>                   | 26,213,178  |
| <b>22 Other income</b>   |                                     |             |
| Interest income  | <b>80,921</b>                       | 43,147      |
| Liabilities written back   | <b>138,893</b>                      | 8,390       |
| Net gain on foreign exchange   | <b>32,506</b>                       | -           |
| Expenses recharged to the shareholder (note 19) (*)  | <b>2,850,000</b>                    | -           |
|  | <b>3,102,320</b>                    | 51,537      |

\* During the year, the Entity has incurred expenses related to employee benefit, legal and professional fees, rent, power and water charges, advertisement and sales promotion expenses, telephone and communicated expenses and insurance expenses, which are recharged at cost to the shareholder, M/s. Concord Enviro (FZE), Sharjah - United Arab Emirates.



**Blue Water Trading & Treatment (FZE)**

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024

(In Arab Emirates Dirham)

|   | For the year ended March 31, |                    |
|---|------------------------------|--------------------|
|   | 2024                         | 2023               |
| <b>23 (i) Cost of raw materials consumed</b>                        |                              |                    |
| Raw materials at the beginning of the year                          | 11,032,700                   | 10,843,775         |
| Add: Purchases  | 5,890,785                    | 17,748,349         |
| Direct expenses   | 26,590                       | 518,244            |
| Less: Raw materials at the end of the year (note 10)                | -                            | (11,032,700)       |
|   | <u>16,950,075</u>            | <u>18,077,668</u>  |
| <b>23 (ii) Decrease/(increase) in inventories of finished goods</b> |                              |                    |
| Finished goods at the beginning of the year                         | 6,173,470                    | 5,078,560          |
| Less: Finished goods at the end of the year (note 10)               | -                            | (6,173,470)        |
|   | <u>6,173,470</u>             | <u>(1,094,910)</u> |
| <b>24 Employee benefit expenses</b>                                 |                              |                    |
| Salaries and other related benefits                                 | 1,355,060                    | 2,163,659          |
| Staff welfare expenses  | 90,435                       | 267,108            |
| Provision for employee's end of service benefits                    | 509,673                      | -                  |
|   | <u>1,955,168</u>             | <u>2,430,767</u>   |
| <b>25 Finance costs</b>   |                              |                    |
| Interest expense on unsecured borrowings (note 19)                  | 294,203                      | 279,986            |
| Interest on short-term borrowings                                   | 152,254                      | 382,273            |
| Interest expenses on vehicle loan                                   | -                            | 792                |
| Other borrowing charges   | -                            | 48,500             |
|   | <u>446,457</u>               | <u>711,551</u>     |
| <b>26 Depreciation expense</b>                                      |                              |                    |
| Depreciation of property, plant and equipment (note 7)              | 2,478,980                    | 2,210,443          |
| Depreciation of right of use assets                                 | -                            | 3,787              |
|   | <u>2,478,980</u>             | <u>2,214,230</u>   |



**Blue Water Trading & Treatment (FZE)**

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024

(In Arab Emirates Dirham)

|                                     | For the year ended March 31, |                  |
|-------------------------------------|------------------------------|------------------|
|                                     | 2024                         | 2023             |
| <b>27 Administrative expenses</b>   |                              |                  |
| Professional charges                | 361,789                      | 944,502          |
| Consumables                         | 2,601                        | 76,665           |
| Lease rent and license fees         | 283,651                      | 329,174          |
| Freight, clearing and forwarding    | 188,633                      | 457,879          |
| Power and fuel                      | 175,017                      | 246,550          |
| Telephone and communication charges | 67,056                       | 67,403           |
| Advertisement and sales promotion   | 55,110                       | -                |
| Insurance charges                   | 53,812                       | 78,365           |
| Repairs and maintenance             | 26,752                       | 142,375          |
| Bank charges and commission         | 20,570                       | 53,079           |
| Auditors remuneration               | 17,000                       | 10,300           |
| Travelling expenses                 | 14,818                       | 43,950           |
| Printing and stationery             | 3,767                        | 12,287           |
| Miscellaneous expenses              | 17,623                       | 35,795           |
| Sundry balances written off         | 1,837                        | 1,979            |
| Net loss on foreign exchange        | -                            | 12,119           |
|                                     | <b>1,290,036</b>             | <b>2,512,422</b> |

**28 Financial instruments**a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liabilities are disclosed in note 6 to the financial statements.

b) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis.*

|                              | As at March 31,        |                   | As at March 31,   |                   |
|------------------------------|------------------------|-------------------|-------------------|-------------------|
|                              | 2024                   | 2023              | 2024              | 2023              |
| <i>Financial assets</i>      | <b>Carrying amount</b> |                   | <b>Fair value</b> |                   |
| Accounts receivable          | 1,348,369              | 5,655,904         | 1,348,369         | 5,655,904         |
| Other financial assets       | 106,810                | 126,885           | 106,810           | 126,885           |
| Fixed deposits               | 2,153,161              | 7,617,887         | 2,153,161         | 7,617,887         |
| Cash and bank balances       | 3,399                  | 3,772,177         | 3,399             | 3,772,177         |
|                              | <b>3,611,739</b>       | <b>17,172,853</b> | <b>3,611,739</b>  | <b>17,172,853</b> |
| <i>Financial liabilities</i> |                        |                   |                   |                   |
| Trade and other payables     | 939,275                | 1,696,741         | 939,275           | 1,696,741         |
| Borrowings                   | 3,670,000              | 7,071,711         | 3,670,000         | 7,071,711         |
|                              | <b>4,609,275</b>       | <b>8,768,452</b>  | <b>4,609,275</b>  | <b>8,768,452</b>  |





## Blue Water Trading & Treatment (FZE)

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024

(In Arab Emirates Dirham)

### 28 Financial instruments (continued)

#### b) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis (continued)*

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, accounts receivable, other financial assets and fixed deposits. Financial liabilities consist of trade and other payables and borrowings.

As at the reporting date, financial assets and financial liabilities approximate their carrying values.

### 29 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

#### a) *Foreign currency risk management*

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

There are no significant exchange rate risks, as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirham, other GCC currencies or US Dollar to which the Arab Emirates Dirham is fixed.

#### b) *Interest rate risk management*

The Entity's exposure to the risk of changes in market interest rates relates primarily to the Entity's borrowings with floating interest rates. The Entity's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

#### Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used for reporting interest rate risk internally to key management and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the Entity's financial result for the year then ended would (decrease)/increase by AED 18,350 (2023: (decrease)/increase by AED 35,359).



**Blue Water Trading & Treatment (FZE)**

Sharjah Airport International Free Zone

Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024

(In Arab Emirates Dirham)

**29 Financial risk management objectives (continued)***c) Liquidity risk management*

Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk table:

The table below summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements were shown as follows:

| Particulars                  | Interest bearing                |               |                  | Non Interest bearing            |               |                  | Total      |
|------------------------------|---------------------------------|---------------|------------------|---------------------------------|---------------|------------------|------------|
|                              | On demand or less than 3 months | Within 1 year | More than 1 year | On demand or less than 3 months | Within 1 year | More than 1 year |            |
| <b>As at March 31, 2024</b>  |                                 |               |                  |                                 |               |                  |            |
| <b>Financial assets</b>      |                                 |               |                  |                                 |               |                  |            |
| Accounts receivable          | -                               | -             | -                | -                               | 1,348,369     | -                | 1,348,369  |
| Other financial assets       | -                               | -             | -                | -                               | 21,985        | 84,825           | 106,810    |
| Fixed deposits               | -                               | -             | 2,153,161        | -                               | -             | -                | 2,153,161  |
| Cash and bank balances       | -                               | -             | -                | 3,399                           | -             | -                | 3,399      |
|                              | -                               | -             | 2,153,161        | 3,399                           | 1,370,354     | 84,825           | 3,611,739  |
| <b>Financial liabilities</b> |                                 |               |                  |                                 |               |                  |            |
| Trade and other payables     | -                               | -             | -                | -                               | 939,275       | -                | 939,275    |
| Borrowings                   | -                               | 3,670,000     | -                | -                               | -             | -                | 3,670,000  |
|                              | -                               | 3,670,000     | -                | -                               | 939,275       | -                | 4,609,275  |
| <b>As at March 31, 2023</b>  |                                 |               |                  |                                 |               |                  |            |
| <b>Financial assets</b>      |                                 |               |                  |                                 |               |                  |            |
| Accounts receivable          | -                               | -             | -                | -                               | 5,655,904     | -                | 5,655,904  |
| Other financial assets       | -                               | -             | -                | -                               | 42,060        | 84,825           | 126,885    |
| Fixed deposits               | -                               | 5,505,000     | 2,112,887        | -                               | -             | -                | 7,617,887  |
| Cash and bank balances       | -                               | -             | -                | 3,772,177                       | -             | -                | 3,772,177  |
|                              | -                               | 5,505,000     | 2,207,723        | 3,772,177                       | 5,697,964     | 84,825           | 17,172,853 |
| <b>Financial liabilities</b> |                                 |               |                  |                                 |               |                  |            |
| Trade and other payables     | -                               | -             | -                | -                               | 1,696,741     | -                | 1,696,741  |
| Borrowings                   | -                               | 7,071,711     | -                | -                               | -             | -                | 7,071,711  |
|                              | -                               | 7,071,711     | -                | -                               | 1,696,741     | -                | 8,768,452  |



**Blue Water Trading & Treatment (FZE)**

Sharjah Airport International Free Zone  
Sharjah - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2024  
(In Arab Emirates Dirham)

**29 Financial risk management objectives (continued)***d) Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly.

Accounts receivable consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Further details of credit risks on accounts and other receivables are disclosed in notes 11 and 14 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

**30 Capital risk management**

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year. The Entity is not subject to any externally imposed capital requirements.

The capital structure of the Entity consists of equity comprising issued capital and retained earnings account as disclosed in the financial statements.

**31 Contingent liabilities**

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liability on the Entity's financial statements as at the reporting date.

**32 Commitments**

Except for the ongoing business obligations which are under normal course of business, there has been no other known commitment on the Entity's financial statements as at the reporting date.

**33 Reclassification**

Below mentioned balances were reclassified as at March 31, 2023 from previously reported:

| Particulars                                | As at March 31, 2023 |                  |                    |
|--|----------------------|------------------|--------------------|
|  | Previously reported  | Reclassification | Currently reported |
| <b>Non-current assets</b>                  |                      |                  |                    |
| Other financial assets                     | 64,725               | 20,100           | 84,825             |
| Other non-current assets                   | -                    | 94,836           | 94,836             |
|  | <u>64,725</u>        | <u>114,936</u>   | <u>179,661</u>     |
| <b>Current assets</b>                      |                      |                  |                    |
| Other financial assets                     | 98,722               | (20,100)         | 78,622             |
| Prepayments, advances and other receivable | 1,797,950            | (94,835)         | 1,703,115          |
|  | <u>1,896,672</u>     | <u>(114,936)</u> | <u>1,781,737</u>   |

