

**CONCORD ENVIRO (FZE)
SAIF ZONE
SHARJAH
UNITED ARAB EMIRATES
FINANCIAL STATEMENTS
MARCH 31, 2023**

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF
CONCORD ENVIRO (FZE)
SAIF ZONE
SHARJAH, UNITED ARAB EMIRATES**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Concord Enviro (FZE), Saif Zone, Sharjah, United Arab Emirates (the 'Company'), which comprises the statement of financial position as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to the audit of the Company's 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.

Responsibilities of the Management for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the provisions of the implementing rules and regulations of Sharjah Airport International Free Zone Authority pursuant to Sharjah Emiri Decree No. 2 of 1995 as amended by Sharjah Executive Council Resolution No. (1) of 2000, applicable for entities in Sharjah Airport International Free Zone, Sharjah, and for such internal controls as the Management determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company'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 the Management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 is 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 this statement of financial position.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represents 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.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the provisions of the Implementing Rules and Regulations issued by the Sharjah Airport International Free Zone Authority pursuant to Sharjah Emiri Decree No. 2 of 1995 as amended by Sharjah Executive Council Resolution No. (1) of 2000 applicable for entities in Sharjah Airport International Free Zone, Sharjah, we further confirm that:

1. we have obtained all the information and explanations necessary for our audit.
2. we are not aware of any contraventions during the period of the above-mentioned law which may have materially affected the financial position of the Company or the result of its operations for the period.

For Ethics Plus Public Accountants



A.R. Ramachandran
Registered Auditor Number 433
August 07, 2023



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CONCORD ENVIRO (FZE), P.O Box: 120940, Saif Zone, Sharjah, U.A.E
STATEMENT OF FINANCIAL POSITION
As at March 31, 2023

	Notes	31.03.23 AED	31.03.22 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,129,056	5,846,174
Intangible assets	6	11,982,560	12,344,453
Right of use assets	7	5,809,846	7,170,146
Financial assets			
Investment in subsidiaries, joint venture and associates	8	16,324,153	2,464,980
Other financial assets-non-current	9	453,468	429,361
Other non-current assets	10	-	12,698,390
Total non-current assets		<u>39,699,083</u>	<u>40,953,504</u>
Current assets			
Inventory	11	10,603,795	5,911,768
Financial assets			
Trade receivables	12	5,597,472	11,381,301
Cash and cash equivalents	13	687,391	5,278,571
Other financial assets -current	14	739,141	798,729
Other current assets	15	5,204,573	4,855,954
Total current assets		<u>22,832,372</u>	<u>28,226,323</u>
TOTAL ASSETS		<u>62,531,455</u>	<u>69,179,827</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	150,000	150,000
Retained earnings	17	29,321,767	33,640,740
Total equity		<u>29,471,767</u>	<u>33,790,740</u>
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Secured - non current	18	13,212,000	17,616,000
Lease liabilities	18	5,821,619	6,929,707
Total non-current liabilities		<u>19,033,619</u>	<u>24,545,707</u>
Current liabilities			
Financial liabilities			
Borrowings	19	7,726,232	5,440,761
Other current financial liabilities	20	338,433	325,585
Trade payables	21	3,778,952	2,832,170
Lease liabilities		1,130,827	1,263,200
Other current liabilities	22	1,051,625	981,663
Total current liabilities		<u>14,026,069</u>	<u>10,843,379</u>
TOTAL LIABILITIES		<u>33,059,688</u>	<u>35,389,086</u>
TOTAL EQUITY AND LIABILITIES		<u>62,531,455</u>	<u>69,179,827</u>

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

These financial statements were approved on August 07, 2023 and signed by:

For and on behalf of Concord Enviro Systems Limited, India (Shareholder)

Mr. Ashish Singal
Authorised signatory



The attached notes 1 to 36 form part of these financial statements.



CONCORD ENVIRO (FZE), P.O Box: 120940, Saif Zone, Sharjah, U.A.E**STATEMENT OF COMPREHENSIVE INCOME****Year ended March 31, 2023**

	Notes	31.03.23 AED	31.03.22 AED
INCOME			
Revenue from operations	23	43,399,890	42,368,912
Other income	24	<u>389,206</u>	<u>4,214,239</u>
Total		<u>43,789,096</u>	<u>46,583,151</u>
EXPENSES			
Cost of raw material consumed	25	29,929,415	26,404,032
Finance costs	26	2,475,885	2,306,419
Employee benefits expenses	27	1,380,489	1,165,676
Depreciation and amortisation expense	28	2,524,822	2,543,173
Other expenses	29	<u>11,797,458</u>	<u>11,470,523</u>
		<u>48,108,069</u>	<u>43,889,823</u>
Profit / (loss) before tax		<u>(4,318,973)</u>	<u>2,693,328</u>
Profit / (loss) for the year		<u>(4,318,973)</u>	<u>2,693,328</u>
Profit (loss) for the period from continuing operations		<u>(4,318,973)</u>	<u>2,693,328</u>
Total comprehensive income / (loss) for the year		<u>(4,318,973)</u>	<u>2,693,328</u>

These financial statements were approved on August 07, 2023 and signed by:

For and on behalf of Concord Enviro Systems Limited, India (Shareholder)



Mr. Ashish Singal
Authorised signatory



The attached notes 1 to 36 form part of these financial statements.



CONCORD ENVIRO (FZE), P.O Box: 120940, Saif Zone, Sharjah, U.A.E
STATEMENT OF CASH FLOWS
Year ended March 31, 2023

	31.03.23	31.03.22
	AED	AED
OPERATING ACTIVITIES		
Net income / (loss) for the year	(4,318,973)	2,693,328
<i>Adjustments for:</i>		
Depreciation	802,630	793,569
Amortization of intangible assets	361,892	389,304
Cash from (used in) operations before working capital changes	(3,154,451)	3,876,201
Trade accounts receivables	5,783,829	6,411,157
Inventory	(4,692,027)	(1,682,101)
Related party balances	12,698,390	(9,012,291)
Prepayments, deposits and other receivables	(348,619)	7,737,576
Other current assets	35,481	81,352
Trade accounts payables	946,782	(539,050)
Accruals and other payables	69,962	831,485
Net cash (used in) operating activities	11,339,347	7,704,329
INVESTING ACTIVITIES		
Purchase of property, plant and equipments	(255,631)	(1,762,666)
Proceeds from sale of property, plant and equipments	170,119	-
Intangible assets	-	(11,113,627)
Right of use assets	1,360,300	1,730,300
Investments	(13,859,173)	(75,000)
Net cash (used in) investing activities	(12,584,385)	(11,220,993)
FINANCING ACTIVITIES		
Loans & borrowings from banks	(2,105,681)	6,021,880
Finance lease liability	(1,240,461)	(1,112,089)
Dividend paid	-	(1,009,258)
Net cash (used in) financing activities	(3,346,142)	3,900,533
Increase / (decrease) in cash and cash equivalents	(4,591,180)	383,869
Cash and cash equivalents at the beginning of the year	5,278,571	4,894,702
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	687,391	5,278,571

These financial statements were approved on August 07, 2023 and signed by:

For and on behalf of Concord Enviro Systems Limited, India (Shareholder)

.....
Mr. Ashish Singal
Authorised signatory



The attached notes 1 to 36 form part of these financial statements.



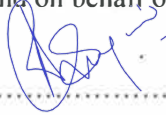
CONCORD ENVIRO (FZE), P.O Box: 120940, Saif Zone, Sharjah, U.A.E
STATEMENT OF CHANGES IN EQUITY
As at March 31, 2023

Annexure - I

	Share capital AED	Retained earnings AED	Total equity AED
As at April, 01, 2021	150,000	31,956,670	32,106,670
Appropriation of profits	-	(1,009,258)	(1,009,258)
Transfer from statement of comprehensive income	-	2,693,328	2,693,328
As at March 31, 2022	150,000	33,640,740	33,790,740
Transfer from statement of comprehensive income	-	(4,318,973)	(4,318,973)
As at March 31, 2023	150,000	29,321,767	29,471,767

These financial statements were approved on August 07, 2023 and signed by:

For and on behalf of Concord Enviro Systems Limited, India (Shareholder)



Mr. Ashish Singal
 Authorised signatory



The attached notes 1 to 36 form part of these financial statements.

CONCORD ENVIRO (FZE), P.O Box: 120940, Saif Zone, Sharjah, U.A.E
NOTES TO FINANCIAL STATEMENTS

1 STATUS AND ACTIVITIES

Concord Enviro (FZE), Sharjah is a Free Zone Company with limited liability (the 'Company') registered with the Sharjah Airport International Free Zone Authority, Government of Sharjah under commercial license number 01-01-07601 and industrial license No: 14072 issued on November 25, 2009.

The name of the sole shareholder and its shareholding is as follows:

Name of the shareholder	Nationality	% share
Concord Enviro Systems Limited.	India	100%

Principle activity of the Company is trading in water treatment products and related items, manufacturing and assembling & testing of water filter plants.

The details of the principal Subsidiaries of the Company are as follows:

Name of the Company	Percentage of equity owned	Country of incorporation
Blue Water Trading & Treatment (FZE), SAIF Zone, Sharjah	100%	UAE

Principle activity of the subsidiary Company is manufacturing of water filters and trading in water treatment equipments.

Name	Percentage of equity owned	Country of incorporation
Concord Enviro Mexico S.A De C.V, Mexico	100%	Mexico

Principle activity of the Subsidiary Company is to support the marketing activities of the parent Company.

2 GOING CONCERN ASSUMPTION

These financial statements are prepared on a going concern basis, which assumes that the Company will continue to operate as a going concern for the foreseeable future.

3 APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 New standards, interpretations and amendments adopted from January 01, 2022

The following amendments are effective for the period beginning January 01, 2022:

i) Onerous contracts - cost of fulfilling a contract (amendment to IAS 37)

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- a) The incremental costs of fulfilling that contract and
- b) An allocation of other costs that relate directly to fulfilling contracts

The Company prior to the application of the amendments, did not have any onerous contracts.

In accordance with the transitional provisions, the Company applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.



3 APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (Contd.)

3.1 New standards, interpretations and amendments adopted from January 01, 2022 (Contd.)

ii) Property, plant and equipment: proceeds before intended use (amendments to IAS 16)

The amendments to IAS 16 prohibits an Entity from deducting any proceeds from the cost of an item of property, plant and equipment. Any proceeds received from selling items produced while the Entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production) are now recognised in profit or loss. Also, the proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

iii) Annual improvements to IFRS standards 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 & IAS 41)

- a) IFRS 1: subsidiary as a first-time adopter (FTA)
- b) IFRS 9: fees in the '10 per cent' test for derecognition of financial liabilities
- c) IAS 41: taxation in fair value measurements

iv) References to conceptual framework (amendments to IFRS 3)

The IASB issued amendments to IFRS 3, which update a reference to the conceptual framework for financial reporting without changing the accounting requirements for business combinations.

3.2 New standards, interpretations and amendments not yet effective

i) The following amendments are effective for the period beginning January 01, 2023:

- a) Disclosure of accounting policies (amendments to IAS 1 and IFRS practice statement 2);
- b) Definition of accounting estimates (amendments to IAS 8); and
- c) Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12).

ii) The following amendments are effective for the period beginning January 01, 2024:

- a) IFRS 16 Leases (amendment - liability in a sale and leaseback);
- b) IAS 1 presentation of financial statements (amendment - classification of liabilities as current or non-current);
- c) IAS 1 presentation of financial statements (amendment - non-current liabilities with covenants).

4 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements of the Company has been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board and applicable requirements of Sharjah Airport Free Zone Authority.

It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although the estimates are based on Management's best knowledge of current events and



4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Statement of compliance (Contd.)

actions, actual results may ultimately differ from these estimates.

The following accounting policies, which comply with IFRS, have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention. The accounting policies are consistent with those used in the previous year.

Accounting basis

The financial statements have been prepared under the accrual basis.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivables.

The Company recognises revenue based on the five-step model, as set out in IFRS 15:

- i) Identify the contract(s) with a customer: A contract is defined as an agreement between one or more parties that creates enforceable rights and obligations.
- ii) Identify the performance obligations in the contract: A performance obligation is a promise in a contract to transfer a goods or bundle of goods or services to the customer.
- iii) Determine the transaction price: Transaction price is the amount of consideration to which Company expects to be entitled in exchange for transferring the promised goods and customer, excluding amounts collected on behalf of third parties.
- iv) Allocate the transaction price to the performance obligation in the contract.
- v) The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
 - The customer simultaneously received and consumed all of the benefits provided by the Company as the Company performs: or
 - The Company's performance creates or enhances an asset that the customer controls as the asset is created; or
 - The Company's performance does not create an assets with an alternative use to the Company and the Company has an enforceable right to payment for performance obligation completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Company allocates the transaction price to the performance obligations in a contract based on the input method which require revenue recognition on the basis of the Company's effort or inputs to the satisfaction of the performance obligations.

Revenue is measured at fair market value of consideration received or receivable taking into account the contractually agreed terms of payment excluding taxes and duties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all its revenue arrangements.



4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Accounts receivables

Accounts receivable balances are stated at original invoice amounts less a provision for any uncollectible amounts. An estimate of doubtful debts is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

Contract assets: Where the Company satisfies a performance obligation by delivering the promised goods and services, it creates a contract assets based on the amount of consideration earned by the performance.

Valuation of inventory

Inventories are stated at lower of cost or net realisable value, cost being determined on FIFO basis. Cost includes purchase cost and other expenses incurred in bringing the inventory to their present location. Also, right to recover returned goods is presented as a part of inventory.

Investments

The investment in subsidiary companies are not classified as held for sale and are accounted at cost.

Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand, bank overdraft repayable on demand, bank current and call accounts, fixed deposits free from lien with original maturity date of three months or less from the date of deposit.

Financial instruments

Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. On initial recognition, the Company recognises all financial assets and financial liabilities at fair value. The fair value of a financial asset or liability on initial recognition is normally represented by the transaction price.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their initial recognition. The Company classifies its financial assets in the following four categories:

- 1 Financial assets at fair value through profit or loss. This category has two sub categories:
 - a) Designated - Any financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes in profit or loss.
 - b) Held for trading - All derivatives (except those designated hedging instruments) and financial assets acquired or held for the purpose of selling in the short term or for which there is recent pattern of short term profit taking are held for trading.
- 2 Available for sale financial assets (AFS) are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss. AFS assets are measured at fair value in the statement of financial position. Fair value changes on



4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Financial instruments (Contd.)

Subsequent measurement of financial assets (Contd.)

AFS assets are recognised directly in equity, through the statement of changes in equity, except for interest on AFS assets, impairment losses and foreign exchange gains or losses. The cumulative gain or loss that was recognised in equity is recognised in profit or loss when an available for sale financial asset is derecognised.

3 Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than held for trading or designated on initial recognition as assets at fair value through profit or loss as available for sale. Loans and receivables are measured at amortised cost.

4 Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments that a Company intends and is able to hold till maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held to maturity investments are measured at amortised cost.

Value-added Tax (VAT)

Expenses, and assets are recognised net of amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the assets or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

These net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a lease related assets, even if that asset is or those assets are not explicitly specified in an arrangement.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognizes lease liabilities to make lease payments and lease related assets, representing the lease related assets.

Lease liabilities have been recognised at the present value of lease payments for period of 3 and 6 years based on the assumption that the Company will continue to use the machineries atleast for a period of 3 and 6 years. Lease liabilities have been discounted at the rate of 12% and 15.17% , assumed to be the incremental borrowing rate for the Company.

Lease related assets have been recognised at cost and will be amortised on straight line basis over the lease term. Interest cost on the lease liabilities and amortisation cost of lease related asset is being charged to the statement of comprehensive income.



4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in the statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which there are earned.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and low value assets are recognized as expense on a straight line basis over the lease term.

In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

Borrowing costs

Borrowing costs are interest and other costs incurred by Company in connection with the borrowing of funds.

Under the allowed alternative treatment, borrowing costs that are directly attributable to the acquisition, construction or production of an asset are included in the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Impairment and collectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the statement of comprehensive income.

Derecognition of financial assets

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



4 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Accounts payable and accruals

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

Contract liability : The amount of consideration received from a customer exceeding the amount of revenue recognised, is recognised as a contract liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, its 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 comprehensive income.

Provision

A provision is recognized when the Company has an obligation, legal or constructive, arising from past event, and cost to settle the obligation are both probable and able to be reliably measured.

Foreign currencies

Transactions in foreign currencies, if any, are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

5 PROPERTY, PLANT AND EQUIPMENTS (NET)

Please refer annexure - II (Page - 22)

6 INTANGIBLE ASSETS (NET)

	31.03.23	31.03.22
	AED	AED
Product development cost	1,230,824	1,620,129
Less: Amortisation for the year	(361,892)	(389,304)
Trade mark and brand gross block (Rochem brand)	<u>11,113,628</u>	<u>11,113,628</u>
	<u>11,982,560</u>	<u>12,344,453</u>

7 RIGHT OF USE ASSETS

	31.03.23	31.03.22
	AED	AED
Right of use assets	<u>5,809,846</u>	<u>7,170,146</u>
	<u>5,809,846</u>	<u>7,170,146</u>



8 Investment in subsidiaries, joint venture and associates

	31.03.23 AED	31.03.22 AED
Investments in subsidiaries:		
Blue Water Trading & Treatment (FZE), SAIF Zone, Sharjah	2,375,100	2,375,100
Concord Enviro Mexico S.A De C.V, Mexico	<u>14,880</u>	<u>14,880</u>
	<u>2,389,980</u>	<u>2,389,980</u>
Investments in joint ventures:		
WHE Systems FZC, Saif Zone, Sharjah - investment in capital	75,000	75,000
WHE Systems FZC, Saif Zone, Sharjah - Other non-current investments	<u>13,859,173</u>	<u>-</u>
	<u>13,934,173</u>	<u>75,000</u>
Total	<u>16,324,153</u>	<u>2,464,980</u>

Audited financial information in respect of the subsidiaries are set out below:

	31.03.23 AED	31.03.22 AED
Blue Water Trading & Treatment (FZE), SAIF Zone, Sharjah:		
Total assets	51,748,709	52,441,143
Total liabilities (excluding Shareholders' equity)	8,768,452	10,873,872
Net assets	42,980,257	41,567,270
Revenue	26,213,178	34,881,130
Profit/(loss) for the year	1,412,987	3,491,991
Concord Enviro Mexico S.A De C.V, Mexico: -		
Total assets	18,056,108	215,077
Total liabilities (excluding Shareholders' equity)	18,353,392	3,472,594
Net liabilities	297,284	3,257,517
Profit/(loss) for the year	(3,136,602)	(82,513)

9 OTHER FINANCIAL ASSETS - NON-CURRENT

	31.03.23 AED	31.03.22 AED
Security deposits	<u>453,468</u>	<u>429,361</u>
	<u>453,468</u>	<u>429,361</u>

10 OTHER NON-CURRENT ASSETS

	31.03.23 AED	31.03.22 AED
Due from related parties		
Concord Enviro Mexico S.A De C.V, Mexico - Subsidiary Company	-	3,754,472
WHE Systems FZC, Sharjah, (Associate of Concord Enviro FZE)	<u>-</u>	<u>8,943,918</u>
	<u>-</u>	<u>12,698,390</u>

11 INVENTORY

	31.03.23 AED	31.03.22 AED
Stock-in-trade	<u>10,603,795</u>	<u>5,911,768</u>
	<u>10,603,795</u>	<u>5,911,768</u>



12 TRADE ACCOUNTS RECEIVABLES

	31.03.23	31.03.22
	AED	AED
Trade debtors	6,179,428	12,281,299
Less: Allowance for expected credit losses (ECL)	<u>(581,956)</u>	<u>(899,998)</u>
	<u>5,597,472</u>	<u>11,381,301</u>

The ageing of trade debtors is as follows:

Less than 3 months	4,935,865	9,822,313
3 to 6 months	137,811	-
6 to 12 months	723,521	1,884,543
Above 12 months	<u>382,231</u>	<u>574,443</u>
	<u>6,179,428</u>	<u>12,281,299</u>

13 BANK BALANCES AND CASH

	31.03.23	31.03.22
	AED	AED
Cash in hand	1,571	1,985
Cash at bank in current accounts	<u>685,820</u>	<u>5,276,586</u>
	<u>687,391</u>	<u>5,278,571</u>

14 OTHER FINANCIAL ASSETS-CURRENT

	31.03.23	31.03.22
	AED	AED
Security deposits	<u>739,141</u>	<u>798,729</u>
	<u>739,141</u>	<u>798,729</u>

15 OTHER CURRENT ASSETS

	31.03.23	31.03.22
	AED	AED
Prepaid expenses	764,724	598,167
Advance to suppliers	2,895,912	3,874,817
Balance with government authorities - current	106,118	123,641
Other advances	<u>1,437,819</u>	<u>259,329</u>
	<u>5,204,573</u>	<u>4,855,954</u>

16 SHARE CAPITAL

Authorized, issued and fully paid up share capital of the Company is AED 150,000/- divided into 1 share of AED 150,000/- each.

	31.03.23	31.03.22
	AED	AED
Concord Enviro Systems Limited	<u>150,000</u>	<u>150,000</u>
	<u>150,000</u>	<u>150,000</u>

17 RETAINED EARNINGS

Please refer annexure - 1 (Page - 7)



18 FINANCIAL LIABILITIES - NON-CURRENT

	31.03.23	31.03.22
	AED	AED
Secured loan- non-current		
Global Climate Partnership Fund S.A., SICAV-SIF	<u>13,212,000</u>	<u>17,616,000</u>
	13,212,000	17,616,000
Lease liabilities non-current	<u>5,821,619</u>	<u>6,929,707</u>
Total financial liabilities non-current	<u>19,033,619</u>	<u>24,545,707</u>

The above mentioned facility from ' Global Climate Partnership Fund S.A., SICAV-SIF' is repayable by 15 December, 2026. The interest rate of the loan is 6.25% per annum.

The above facilities are secured by the following:

- * Not to create or permit to subsist any security on the whole or any part of the Secured Assets or, the assets kept at its premises located in SAIF Zone.
- * Not sell, transfer, grant, lease, lend assign or otherwise dispose of or deal with any of the secured assets kept in its premises located in SAIF Zone.
 - Except in the ordinary course of business,
 - Prior written consent of the lender or
 - Permitted under the Finance Documents; and
- * To take all reasonable and practicable steps to preserve and enforce its rights and remedies under or in respect of the Secured Assets and in the case of Concord Enviro FZE, Sharjah, the assets kept at its premises located in SAIF Zone.
- * Without prior consent of the Global Climate Partnership Fund S.A., SICAV-SIF any interest in the share capital of the Blue Waters Trading and Treatment FZE, Sharjah, should not be disposed off.
- * Concord Enviro FZE and Blue Waters Trading and Treatment FZE, Sharjah, should always ensure that the collateralisation rate is at all times at least 130%.
- * Concord Enviro FZE and Blue Waters Trading and Treatment FZE, Sharjah, as applicable shall grant security over any assets purchased with the proceeds of a disbursement by no later than six months of the relevant disbursement date. Any such security shall be in a form satisfactory of the lender securing the secured obligations.

19 BORROWINGS - CURRENT

	31.03.23	31.03.22
	AED	AED
Trust receipts - National Bank of Fujairah, Sharjah.	3,322,232	1,036,761
Global Climate Partnership Fund S.A., SICAV-SIF - Current maturities of long term borrowings	<u>4,404,000</u>	<u>4,404,000</u>
	<u>7,726,232</u>	<u>5,440,761</u>

The above facilities are secured by the following:

- * Pledge over fixed deposit of AED. 2,111,000/- in the name of Blue Water Trading & Treatment FZE, in favour of National Bank of Fujairah, Sharjah.



19 BORROWINGS - CURRENT (Contd.)

- * Joint and several personal guarantees of Mr. Prerak Goel and Mr. Ashish Singal (the "Guarantors").
- * Cross corporate guarantees between M/s Blue Water Trading & Treatment FZE and M/s Concord Enviro FZE (the "Guarantors").
- * Settlement cheque covering total facilities amount (less fixed deposit under pledge) drawn on National Bank of Fujairah, Sharjah, in favour of the bank.
- * Assignment of insurance policy in the name of M/s Blue Water Trading & Treatment FZE covering stocks for an amount of AED 8,200,000/- in favour of the bank.

20 OTHER CURRENT FINANCIAL LIABILITIES

	31.03.23	31.03.22
	AED	AED
Interest accrued but not due	324,183	325,585
Security deposit from customer	14,250	-
	<u>338,433</u>	<u>325,585</u>

21 TRADE ACCOUNTS PAYABLES

	31.03.23	31.03.22
	AED	AED
Trade creditors	3,778,952	2,832,170
	<u>3,778,952</u>	<u>2,832,170</u>
The ageing of trade creditors is as follows:		
Less than 3 months	2,111,509	2,242,658
3 to 6 months	372,617	240,961
More than 6 months	1,294,826	348,551
	<u>3,778,952</u>	<u>2,832,170</u>

22 OTHER CURRENT LIABILITIES

	31.03.23	31.03.22
	AED	AED
Advances received from customers	1,051,625	981,663
	<u>1,051,625</u>	<u>981,663</u>

23 OPERATING INCOME

	31.03.23	31.03.22
	AED	AED
Sales	43,399,890	42,368,912
	<u>43,399,890</u>	<u>42,368,912</u>

24 OTHER INCOME

	31.03.23	31.03.22
	AED	AED
Dividend income	-	1,596,500
Liabilities written back	3,494	-
Reversal of expected credit loss provision	385,712	2,617,739
	<u>389,206</u>	<u>4,214,239</u>



25 COST OF SALES

	31.03.23	31.03.22
	AED	AED
Material consumed	29,261,981	26,016,659
Direct expenses	<u>667,434</u>	<u>387,373</u>
	<u>29,929,415</u>	<u>26,404,032</u>

26 FINANCE COST

	31.03.23	31.03.22
	AED	AED
Interest expense - working capital - TR	82,140	98,131
Interest on finance lease	1,036,551	1,229,285
Interest - responsibility	1,244,359	892,763
Processing charges	<u>112,835</u>	<u>86,240</u>
	<u>2,475,885</u>	<u>2,306,419</u>

27 EMPLOYEE BENEFITS

	31.03.23	31.03.22
	AED	AED
Salaries and wages	1,366,966	1,161,815
Staff welfare expenses	<u>13,523</u>	<u>3,861</u>
	<u>1,380,489</u>	<u>1,165,676</u>

28 DEPRECIATION EXPENSE

	31.03.23	31.03.22
	AED	AED
Depreciation of property, plant and equipment	802,630	793,569
Depreciation of right of use assets	1,360,300	1,360,300
Amortisation of intangible assets	<u>361,892</u>	<u>389,304</u>
	<u>2,524,822</u>	<u>2,543,173</u>

29 OTHER EXPENSES

	31.03.23	31.03.22
	AED	AED
Lease rent & license fees	581,945	274,368
Travelling expenses	94,190	65,646
Repairs & maintenance	32,447	15,237
Freight, clearing and forwarding	1,094,675	1,474,998
Power and fuel	49,762	62,020
Professional charges	1,214,244	1,289,856
Auditors remuneration	29,700	29,770
Consumables	696,465	634,500
Service charges	1,910,111	5,226,256
Insurance charges	1,407,958	37,354
Advertisement and sales promotion	31,121	36,979
Bank charges and commission	112,965	101,485
Miscellaneous expenses	234,698	180,422
Bad debts written off	4,194,319	602,316
Net loss on foreign exchange	112,103	1,439,128
Printing and stationery	<u>755</u>	<u>188</u>
	<u>11,797,458</u>	<u>11,470,523</u>

(19)



30 RISK MANAGEMENT

Liquidity risk

The Company limits its liquidity risk by ensuring that adequate funds are available.

Credit risk

The Company seeks to limit its credit risk by setting limits for individual customers and monitoring outstanding receivable balances. As at March 31, 2023 top five trade receivable balances represent 86% (previous year: 76%) of the total trade receivable balances outstanding.

Country-wise concentration of trade receivable balances are as follows:

Country	31.03.23	31.03.22
U.A.E.	5.00%	-
USA	42.00%	-
Kenya	-	17.62%
China	-	35.00%
Africa	38.00%	22.39%
Others	15.00%	25.00%

Interest rate risk

The Company's financial instruments, assets, and liabilities as of the statement of financial position date are not subject to interest-based fluctuations or interest rate risk. The Company does not have any interest-sensitive financial instruments or exposures that could be affected by changes in prevailing interest rates. Therefore, the Company's financial position is not significantly impacted by interest rate movements.

Exchange rate risk

The Company closely monitors any potential exchange rate risk associated with foreign currency exposure. Management takes necessary measures to assess and mitigate such risks, ensuring prudent risk management practices. By actively monitoring and adopting suitable hedging strategies, the Company aims to safeguard its financial position against adverse exchange rate fluctuations.

Supplier concentration risk

As March 31, 2023 top five trade payable balances represent 79% (previous year: 92 %) of the total value of trade payable balances outstanding.

Country-wise concentration of trade payable balances are as follows:

Country	31.03.23	31.03.22
UAE	59.02%	75.95%
USA	26.07%	-
Nigeria	1.75%	14.20%
Others	13.16%	9.85%

31 FINANCE LEASE OBLIGATIONS

The finance lease liabilities are apportioned between future minimum lease payments and finance charges.



31 FINANCE LEASE OBLIGATIONS (Contd.)

Period wise break-up for the future minimum lease payments are as follows:

Period	Future minimum lease AED
Upto 1 year	5,129,056
1-6 years	5,821,619

32 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and equity instruments. Financial assets consist of inventory, accounts receivable balances, prepayment, deposits and other recivables, bank balances and cash. Financial liabilities consist of accounts payable balances, bank borrowings, staff end of service benefits, finance lease liability and accruals & other payable balances.

The fair values of financial instruments are not materially different from their carrying values.

33 NUMBER OF PERSONNEL

There were thirty nine (previous year: thirty six) as at the date of the statement of financial position.

34 SIGNIFICANT EVENTS AFTER THE FINANCIAL STATEMENT DATE

There were no significant events occurring after the financial statement date which require disclosure in the financial statements.

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

36 GENERAL

- These audited financial statements are issued by the Management of the Company, covering the period from April 01, 2022 to March 31, 2023.
- The comparative figures as at March 31, 2022 have been reclassified wherever necessary to conform with the presentation of the current year. Such reclassification do not affect previously reported net profit or Shareholder's equity.
- These are separate audited financial statements of the Company without consolidating the share of results and net assets and liabilities of the subsidiary companies.
- The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.



ANNEXURE - II

5 PROPERTY, PLANT AND EQUIPMENTS (NET)

Fixed assets are stated at cost, less accumulated depreciation as follows:

	Plant & machinery AED	Office equipments AED	Furniture & fixtures AED	Total AED
Cost				
As at April 01, 2022	8,968,875	110,119	29,570	9,108,564
Additions / Adjustment	246,296	9,335	-	255,631
Deletions	<u>(170,114)</u>	<u>-</u>	<u>(5)</u>	<u>(170,119)</u>
As at March 31, 2023	<u>9,045,057</u>	<u>119,454</u>	<u>29,565</u>	<u>9,194,076</u>
Depreciation				
As at April 01, 2022	3,145,180	94,977	22,233	3,262,390
Charge for the year	<u>788,363</u>	<u>10,602</u>	<u>3,665</u>	<u>802,630</u>
As at March 31, 2023	<u>3,933,543</u>	<u>105,579</u>	<u>25,898</u>	<u>4,065,020</u>
Net Book Value				
As at March 31, 2023	<u>5,111,514</u>	<u>13,875</u>	<u>3,667</u>	<u>5,129,056</u>
As at March 31, 2022	<u>5,823,695</u>	<u>15,142</u>	<u>7,337</u>	<u>5,846,174</u>

