

WENDT MIDDLE EAST FZE
HAMRIYAH FREE ZONE
SHARJAH - UNITED ARAB EMIRATES
FINANCIAL STATEMENTS AND REPORT OF THE AUDITOR
FOR THE YEAR ENDED
31 MARCH, 2021

WENDT MIDDLE EAST FZE
HAMRIYAH FREE ZONE
SHARJAH - UNITED ARAB EMIRATES
31 MARCH, 2021

TABLE OF CONTENTS

	PAGE
Director's Report	1 - 2
Independent Auditor's Report	3 - 5
Statement of Financial Position	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies and Explanatory Notes to the Financial Statements	10 - 23



WENDT MIDDLE EAST FZE

DIRECTORS REPORT

The Directors are pleased to present the Eleventh Annual Report and Audited Accounts for the year ended 31st March 2021.

Key Financials Summary: -

(AED in Lakhs)

Particulars	FY 20-21	FY 19-20	% change
Sales	13.41	7.82	71
Other Income	0.84	0.45	87
Profit /(Loss)	0.53	(1.32)	140
Profit % on sales	4%	(17%)	NA

Business Operations:-

During the current financial year, your Company's clocked sales of 13.41 lacs AED, registering a growth of 71 % over the previous year. This was achieved through focused approach to market and customers who are still financially sound. The Company returned to profitability with a decent growth despite the challenging times posed due to COVID and tight liquidity conditions prevailing in the market.

Most economies in Middle East reported either a negative or status quo in terms of GDP growth as Governments redirected their attention and resources on ensuring public health and economic sustenance. Aviation and hospitality industry which contributes significantly to GDP of Middle East economies suffered maximum on account of COVID leading to unutilized capacity and expat job losses. Many high profile infrastructure projects were also put on hold. Crude Oil exhibited lower to medium pricing and at one point quoting Zero or negative pricing on account of lockdown leading to a severe subdued demand. Oil price drop led to every country in Middle East shrinking budget outlet by at least 6% and inflation shoot up 6%+ in certain economies of Middle East.

The Company aimed at offering value added services along with technical support resulting in growth and profitability. Every effort was made to transact only with due diligence and checking credit worthiness of customers.

WME Liquidation:-

Considering the challenging business conditions and the future viability of profitable operations in Wendt Middle East FZE, Wendt (India) Limited, holding company and sole shareholder, has approved a proposal for voluntary de-registration WME. Accordingly, the de-registration process has been initiated and is expected to be completed in the next few months.

Human Resource: -

During the current year, your Company has continued its lean employee strength to be prudent and efficient. To enhance individual and organizational value your Company lays great emphasis on Flexibility and multi-tasking skills apart from keeping employee costs at the minimum.

Directors: -

As per law and Company's Articles of Association one third of the Directors will retire by rotation at its Annual General Meeting. During the Eleventh Annual General Meeting

Mr. Rajesh Khanna, Director, retires by rotation and being eligible, offers himself for reappointment. Mr. M S Venkatesh resigned from the Board effective 31st October 2020. Mr. Mukesh Kumar Hamirwasia was appointed to the Board effective 1st November 2020.

Auditors: -

During the year, the company has received a request from M/s Stuart & Hamlyn to be appointed as the statutory auditor of Wendt Middle East, Sharjah for the financial year 2021-22. Your Directors recommend their appointment as statutory auditors of the Company for the financial year 2021-22 till deregistration is complete.

Acknowledgement: -

The Board of Directors will like to place on record their appreciation for the support, co-operation and guidance extended to the Company by Wendt (India) Ltd, the Company's parent Company and its Associates and Group Companies. The Directors will like to convey their sincere appreciation to the Hamriyah Free Zone Authorities (HFZA), Government Departments, the auditors, the Bankers, Customers, Suppliers and employees for their continued support and cooperation.



SHARJAH
April 16' 2021

RAJESH KHANNA
AUTHORIZED DIRECTOR



INDEPENDENT AUDITOR'S REPORT

To the Shareholder,
Messrs. Wendt Middle East FZE
P.O. Box 50732
Hamriyah Free Zone,
Sharjah, United Arab Emirates

Opinion

We have audited the accompanying financial statements of Messrs. Wendt Middle East FZE - Sharjah, U.A.E. (the Establishment), which comprise the statement of financial position as at 31 March, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Messrs. Wendt Middle East FZE - Sharjah as at 31 March, 2021, 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 Establishment within the meaning of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter:

Without qualifying the report, we wish to highlight the content of the basis of preparation and presentation of the financial statements with regards to going concern status of the Establishment. The management has shown its intention to liquidate the entity after the end of the financial year. Accordingly, this financial statement for the year ended 31 March 2021 is not prepared on going concern basis. To the best of our information, knowledge, and belief and as per the explanation and assurance provided to us by the management, we do not foresee any major loss or liability arising due to voluntary de-registration process of Messrs Wendt Middle East FZE-Sharjah, UAE.

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

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



In preparing the financial statements, management is responsible for assessing the Establishment's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Establishment or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our auditor's report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. Considering the management's intention to liquidate the entity in near future, the financial statements for the year ended 31 March 2021 is not prepared on going concern basis.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





Report on Other Legal and Regulatory Requirements

Also in our opinion:

1. We have obtained all the information we considered necessary for the purposes of our audit;
2. The Establishment has maintained proper books of account;
3. Note 9 to the financial statements of the Establishment discloses material related party transactions and the terms under which they were conducted;
4. The financial statement have been prepared and comply in all material respects, with the applicable provisions of Hamriyah Free Zone – Sharjah;
5. Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Establishment has contravened during the financial year ended 31 March, 2021 any of the applicable provisions of Hamriyah Free Zone - Sharjah which would materially affect its activities or its financial position as at 31 March, 2021.



Joseph Philip
Registration No. 749
STUART & HAMLYN
CHARTERED ACCOUNTANTS

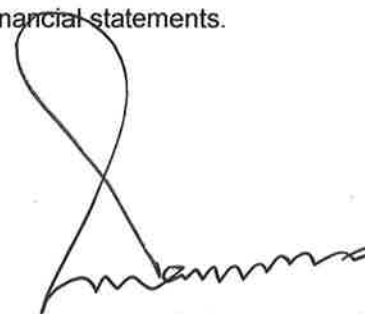
ISSUED IN DUBAI ON 16 APRIL, 2021

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH, 2021

<u>Assets</u>	Note	2021 AED	2020 AED
Current assets			
Property, plant and equipment - net carrying amount	5	694	243
Inventory	6	16,846	15,159
Trade and other receivable	7	682,939	258,508
Prepayments, deposits and advance	8	26,260	62,057
Related parties - due from	9	-	77,262
Bank current account balances		1,008,643	798,955
Total assets		<u>1,735,382</u>	<u>1,212,184</u>
Equity and liabilities			
Equity			
Share capital	10	1,200,000	1,200,000
Legal reserve	11	263,824	258,499
Accumulated (losses)		(229,407)	(277,334)
Total equity		<u>1,234,417</u>	<u>1,181,165</u>
Current liabilities			
Provision for employees end of service benefits	12	15,342	8,342
Accounts payable	13	401,982	22,677
Related party	9	83,641	-
Total liabilities		<u>500,965</u>	<u>31,019</u>
Total equity and liabilities		<u>1,735,382</u>	<u>1,212,184</u>

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

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



DIRECTOR

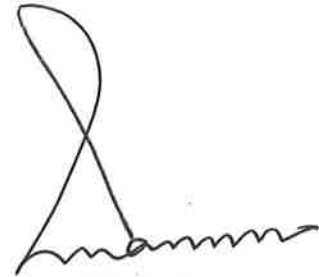
APPROVED ON 16 APRIL, 2021

**WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH, 2021**

	Note	2021 AED	2020 AED
Revenue		1,341,130	781,938
Direct cost		(736,288)	(401,943)
Gross profit		604,842	379,995
Operating, administrative and general expenses	14	(639,739)	(557,027)
(Loss) on foreign currency exchange		-	(421)
Other income	15	88,149	45,082
Net profit/(loss) before legal reserve		53,252	(132,371)
Legal reserve		(5,325)	-
Net profit/(loss) for the year		47,927	(132,371)

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

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



DIRECTOR

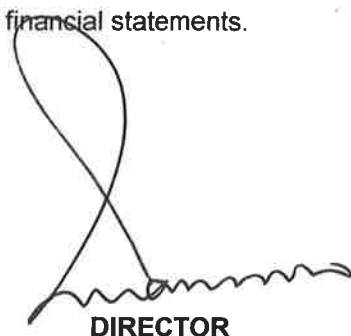
APPROVED ON 16 APRIL, 2021

**WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH, 2021**

	Share capital AED	Legal reserve AED	Accumulated (losses) AED	Total AED
Balance at 31 March, 2019	1,200,000	258,499	(144,963)	1,313,536
Net (loss) for the financial year 2019-2020	-	-	(132,371)	(132,371)
Balance at 31 March, 2020	1,200,000	258,499	(277,334)	1,181,165
Net profit for the financial year 2020-2021	-	-	53,252	53,252
Legal reserve	-	5,325	(5,325)	-
Balance at 31 March, 2021	1,200,000	263,824	(229,407)	1,234,417

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

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DIRECTOR

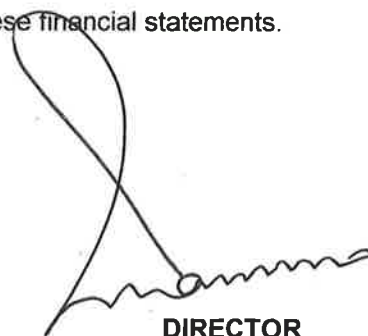
APPROVED ON 16 APRIL, 2021

WENDT MIDDLE EAST FZE - HAMRIYAH FREE ZONE, SHARJAH - U.A.E.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2021

	2021	2020
	AED	AED
Operating activities		
Net profit/(loss) for the year	47,927	(132,371)
Adjustments for:		
Legal reserve	5,325	-
Depreciation and amortisation	348	2,410
Provision for employees end of service benefits	7,000	7,019
Net cash flow before changes in operating assets and liabilities	<u>60,600</u>	<u>(122,942)</u>
Changes in operating assets and liabilities:		
Inventory	(1,687)	(5,402)
Goods in transit	-	11,793
Prepayments, deposits and advance	35,797	22,580
Accounts receivable	(424,431)	210,146
Accounts payable	379,305	(134,738)
Related party - commercial transactions	160,903	419,291
Net cash generated from operating activities	<u>210,487</u>	<u>400,728</u>
Investing activities		
Payment for purchase of property, plant and equipments	<u>(799)</u>	-
Increase in cash and cash equivalents	209,688	400,728
Cash and cash equivalents at the beginning of the year	798,955	398,227
Cash and cash equivalents at the end of the year	<u><u>1,008,643</u></u>	<u><u>798,955</u></u>

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DIRECTOR

APPROVED ON 16 APRIL, 2021