

**FINANCIAL STATEMENTS OF
BALAXI GLOBAL DMCC
DUBAI - U.A.E.
FOR THE YEAR ENDED
31 MARCH 2023**

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF
M/s. BALAXI GLOBAL DMCC
DUBAI - (U.A.E.)

Opinion

We have audited the financial statements ("the financial statements") of **M/s. BALAXI GLOBAL DMCC**, Dubai (the "Company") which comprise the statement of financial position as at **31st March 2023**, and the statement of profit and loss, statement of changes in equity and cash flow statement for the year then ended, and notes to the Company's financial statements, including a summary of significant accounting policies set out on Pages 4 to 13.

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

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 section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants Code of Ethics for Professional Accounts (IESBA Code), and have fulfilled our other ethical responsibilities in accordance with the requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable law in United Arab Emirates and International Financial Reporting Standards, and such internal control as the management determines is necessary to enable the presentation of financial statements that are free from materials misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intend to liquidate the Company, or to cease operations, or have no realistic alternative but to do so.



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Independent Auditor's Report (Contd...)

M/s. Balaxi Global DMCC, Dubai

Year Ended 31 March 2023

Auditors' Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- * Identify and assess the risks of material misstatements 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 represent the underlying transactions and events in a manner that achieves fair presentation.



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Independent Auditor's Report (Contd...)
M/s. Balaxi Global DMCC, Dubai
Year Ended 31 March 2023

Auditors' Responsibilities (contd.)

- * Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company's audit. We remain solely responsible for our audit opinion.

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

Report on Other Regulatory Matters

We further confirm that we have obtained all information and explanations necessary for our audit, that proper financial records have been kept by the Company and that these financial statements are in agreement with the Company's financial records. The inventory has been valued in accordance with proper accounting principles.

We further confirm that the financial statements comply with provisions of implementing Regulation No. 1/03 issued by the Dubai Multi Commodity Centre Authority.

**For AL RAMMAHI AUDITING OF ACCOUNTS
CHARTERED ACCOUNTANTS
DUBAI**

Al Rammahi Auditing

MR. MOHAMADALLY ISMAIL LADHA
PARTNER
Registration No.615
Date: 25 May 2023



BALAXI GLOBAL DMCC
DUBAI (U.A.E.)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	31.03.2023	(in US Dollars) 31.03.2022
ASSETS EMPLOYED			
Non-Current Assets			
Tangible fixed assets	4	4,139	-
Investment in subsidiaries/group companies	5	1,662,789	1,662,789
Preliminary expenses		-	3,649
Total non-current assets		1,666,928	1,666,438
Current Assets			
Accounts receivables	6	17,192,537	10,466,379
Bank balances	7	67,140	93,527
Other current assets	8	16,037	6,502
Current loans	9	1,034,561	476,047
Total current assets		18,310,275	11,042,455
Total assets		19,977,203	12,708,893
SHAREHOLDERS' FUNDS AND LIABILITIES			
Shareholders' funds			
Share Capital		2,598,001	1,498,638
Retained earnings		10,588,542	7,798,552
Other equity		-	1,099,363
Total shareholders' funds		13,186,543	10,396,553
Current liabilities			
Accounts payable and accruals	10	6,790,660	2,312,340
Total current liabilities		6,790,660	2,312,340
Total liabilities		6,790,660	2,312,340
Total shareholders' funds and liabilities		19,977,203	12,708,893

The Notes referred to above form an integral part of these financial statements

For BALAXI GLOBAL DMCC

MANAGER

INDEPENDENT AUDITORS' REPORT - PAGE 1 to 3



BALAXI GLOBAL DMCC
DUBAI (U.A.E.)

STATEMENT OF PROFIT AND LOSS

For the year ended 31 March 2023

	<u>Notes</u>	<u>(in US Dollars)</u>	
		For the year ended 31.03.2023	31.03.2022
Sales		22,240,708	18,423,125
Less: cost of sales		18,239,126	13,303,902
Gross Profit		4,001,582	5,119,223
Other income		-	75,186
Gross income		4,001,582	5,194,409
<u>Operating Expenses</u>			
Salaries & benefits		717,821	652,622
Administration and selling	11	489,746	226,033
Amortisation of preliminary expenses		3,649	3,649
Depreciation		376	-
		1,211,592	882,304
NET PROFIT FOR THE YEAR		2,789,990	4,312,105

The Notes referred to above form an integral part of these financial statements

For BALAXI GLOBAL DMCC

MANAGER

INDEPENDENT AUDITORS' REPORT - PAGE 1 to 3



BALAXI GLOBAL DMCC
DUBAI (U.A.E.)

CASH FLOW STATEMENT

For the year ended 31 March 2023

	<u>Notes</u>	<u>31.03.2023</u>	(in US Dollars) <u>31.03.2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net profit for the year		2,789,990	4,312,105
<u>Adjustments for</u>			
Depreciation		376	-
Amortisation of preliminary expenses		3,649	3,649
Operating profit before working capital		2,794,015	4,315,754
<u>Changes in working capital</u>			
(Increase) in accounts receivable		(6,726,158)	(4,539,373)
(Increase) in other current assets		(9,535)	(2,376)
(Increase) in current loan		(558,514)	(435,018)
Increase in accounts payable and accruals		4,478,320	1,970,484
(Decrease) in current loans		-	(20,986)
(Decrease) in other current liabilities		-	(80,718)
Net Cash (used in)/received from operating activities (A)		(21,872)	1,207,767
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Payment for purchase of fixed assets		(4,515)	-
Investment in subsidiaries		-	(1,165,225)
Net Cash (used in) investing activities (B)		(4,515)	(1,165,225)
Net (decrease)/increase in Cash and cash equivalents (A+B)		(26,387)	42,542
Cash and cash equivalents - beginning of the year		93,527	50,985
Cash and cash equivalents - end of the year	12	67,140	93,527

The Notes referred to above form an integral part of these financial statements

For BALAXI GLOBAL DMCC

MANAGER

INDEPENDENT AUDITORS' REPORT - PAGE 1 to 3



BALAXI GLOBAL DMCC
DUBAI (U.A.E.)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2023

(in US Dollars)

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Other Equity</u>	<u>Total</u>
Balance as on 1 April 2021	1,498,638	3,486,447	1,099,363	6,084,448
Net profit for the year	-	4,312,105	-	4,312,105
Balance as on 31 March 2022	1,498,638	7,798,552	1,099,363	10,396,553
Net profit for the year	-	2,789,990	-	2,789,990
Transferred during the year	1,099,363	-	(1,099,363)	-
Balance as on 31 March 2023	2,598,001	10,588,542	-	13,186,543

For BALAXI GLOBAL DMCC

MANAGER

INDEPENDENT AUDITORS' REPORT - PAGE 1 to 3



BALAXI GLOBAL DMCC DUBAI (U.A.E.)

SCHEDULE OF NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

(in US Dollars)

1. LEGAL STATUS

- 1.1 M/s. **BALAXI GLOBAL DMCC** is incorporated and registered as a free zone company with limited liability with Dubai Multi Commodities Centre Authority in the emirates of Dubai (U.A.E) under license no DMCC - 739729 and having registration no. DMCC 178924.

<u>Name of the shareholder</u>	<u>Nationality</u>	<u>Share in Capital/Profit & Losses</u>
M/s. Balaxi Pharmaceuticals Limited	Indian	100%
Total		100%

- 1.2 The principal activity of the company is trading in pharmaceutical products outside U.A.E.; building hardware & tools; bread & bakery products; foodstuff & beverages and snack food.
- 1.3 The principal place of business of the company is located in Unit No. 1302-C, Reef Towers, Plot No.: JLT-PH2-01A, Jumeirah Lakes Towers, Dubai, U.A.E.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and interpretations issued by the Standards Interpretations Committee of the IASB.

2.2 Basis of measurement

These financial statements have been prepared under the going concern assumption and historical cost convention except in respect of financial instruments, which are presented at fair values and properly disclosed elsewhere in the report.

2.3 Basis of accounting

Income and expenditure have been accounted on accrual basis. Under accrual basis, the transactions and events are recognised as and when they occur and are recorded in the financial statements for the period they relate to.

2.4 Functional and Presentation currency

The financial statements are presented in US Dollars (USD) which is also the company's functional currency. All financial information presented in USD has been rounded off to the nearest US Dollar.

2.5 Use of estimates & judgements

The preparation of Financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of policies and reported amounts of assets, liabilities, incomes and expenses.

Actual results may differ from these estimate. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. During the period, there are no estimates or judgements, or any changes therein, that are material in nature.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with items considered material to the company's financial statements:

3.1 Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Cost is depreciated on straight line basis over a period of four years.

3.2 Investment in subsidiaries

Investment in subsidiaries is stated at cost.

3.3 Preliminary expenses

Preliminary expenses is being written off over a period of three years from the first full year of commercial operations of the company

3.4 Debtors

Bad Debts are written off as they arise

3.5 Accounts Payable and Accruals

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

3.6 Foreign Currency Conversion

Balances in foreign currencies have been converted into US Dollars at the rate of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted at rates ruling when the transaction was entered into. Gains or losses resulting from foreign transactions are taken to profit and loss account.

3.7 Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement consists of cash, balances with banks, overdrafts, and deposits with banks with a maturity of three months or less from the date of deposit.

3.8 Sales

Sales are stated net of trade discounts and sales return.

3.9 Purchases

Purchases are stated net of discounts and return and include all direct expenses to determine the landed cost.

3.10 Impairment of Assets

Financial Assets

At each balance sheet date, the company assesses if there is any objective evidence indicating impairment of financial assets or non-collectibility of receivables

Non-financial Assets

At each balance sheet date, the company assesses if there is any indication of impairment of non-financial assets. If Any indication exists, the company estimates the recoverable amount of the assets and recognizes an impairment loss in Profit & Loss Account. The company assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognized immediately in Profit & Loss Account.

- 3.11 Financial Instruments comprise cash, bank balances, deposits, advances, trade debtors, amounts due from/to related parties, trade creditors, accruals and borrowings. The financial instruments are recognized on the balance sheet when the company becomes a party to the contractual provisions of the instrument.



NOTES TO THE FINANCIAL STATEMENTS

	<u>31.03.2023</u>	<u>31.03.2022</u>
4. <u>TANGIBLE FIXED ASSETS</u>		
This item consists of the following :		
<u>Furniture & equipments</u>		
<u>Cost</u>		
As at 1 April 2022	-	-
Additions during the year	4,515	-
As at 31 March 2023	<u>4,515</u>	<u>-</u>
<u>Less: Depreciation</u>		
Upto 31 March 2022	-	-
For the year	376	-
Upto 31 March 2023	<u>376</u>	<u>-</u>
<u>Net Book Value</u>		
As at 31 March 2023	<u>4,139</u>	<u>-</u>
As at 31 March 2022	<u>-</u>	<u>-</u>
5. <u>INVESTMENT IN SUBSIDIARIES/GROUP COMPANIES</u>		
This item consists of the following :		
1. 990 Shares in M/s. Balaxi Healthcare Guatemala, Sociedad Anonima	515,000	515,000
2. 99 Shares in M/s. Balaxi Health Care Dominica SRL	14,564	14,564
3. 99% Shares in M/s. Balaxi Healthcare Angola LDA	1,117,589	1,117,589
4. 99% Shares in M/s. Balaxi Healthcare Centrafrique SARL	3,636	3,636
5. 99% Shares in M/s. Balaxi Healthcare El Salvador SA DE	2,000	2,000
6. 99% Shares in M/s. Balaxi Healthcare Honduras S DE R L DE C V	10,000	10,000
Total	<u>1,662,789</u>	<u>1,662,789</u>



NOTES TO THE FINANCIAL STATEMENTS

	<u>31.03.2023</u>	<u>31.03.2022</u>
6. <u>ACCOUNTS RECEIVABLES & PREPAYMENTS</u>		
This item consists of the following :		
a) This item consists of the following :		
Trade Debtors - Note 5(b)	17,192,537	10,466,379
Total	<u>17,192,537</u>	<u>10,466,379</u>
b) <u>Trade Debtors</u>		
(i) <u>Ageing of Trade Debtors :</u>		
Due for less than 90 days	12,570,271	5,446,165
Due for more than 90 days	4,622,266	5,020,214
Total - Note 5 (a)	<u>17,192,537</u>	<u>10,466,379</u>
(ii) No. of trade debtors at the year end	<u>6</u>	<u>9</u>
(iii) Due from subsidiaries	<u>17,192,537</u>	<u>10,466,379</u>
7. <u>BANK BALANCES</u>		
This item consists of the following :		
Cash at a bank - Current account	67,140	93,527
Total	<u>67,140</u>	<u>93,527</u>
8. <u>OTHER CURRENT ASSETS</u>		
This item consists of the following :		
Prepayments	14,487	4,414
Deposits	-	1,635
Other advances	1,550	453
Total	<u>16,037</u>	<u>6,502</u>
9. <u>CURRENT LOAN</u>		
This item consists of the following :		
Due from related parties	915,544	450,444
Due from others	119,017	25,603
Total	<u>1,034,561</u>	<u>476,047</u>



NOTES TO THE FINANCIAL STATEMENTS

	<u>31.03.2023</u>	<u>31.03.2022</u>
10. ACCOUNTS PAYABLE & ACCRUALS		
This item consists of the following :		
Trade creditors	6,725,345	2,243,097
Accrued expenses	65,315	69,243
Total	<u>6,790,660</u>	<u>2,312,340</u>

	<u>31.03.2023</u>	<u>31.03.2022</u>
11. ADMINISTRATION AND SELLING EXPENSES		
This item consists of the following :		
Rent	20,227	5,101
Legal & professional fees	88,676	25,945
Bank charges	5,798	5,088
Visa expenses	29,647	12,662
Travelling & accommodation expenses	220,684	75,249
Vehicle expenses	9,741	11,013
Telephone & electricity charges	16,471	17,927
Miscellaneous expenses	98,502	73,048
Total	<u>489,746</u>	<u>226,033</u>

	<u>31.03.2023</u>	<u>31.03.2022</u>
12. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the Statement of Cash Flows comprises of the following		
Bank Balances	67,140	93,527
Total	<u>67,140</u>	<u>93,527</u>

13. TRANSACTIONS WITH RELATED PARTIES

Material transactions between the company and related parties defined as Shareholders/Manager and enterprises in which the Shareholders/Manager have control or significant influence, are stated below:

<u>Due from related parties</u>		
Balaxi Healthcare Centrafrique	260,856	121,356
Balaxi Healthcare El Salvador, S.A.	314,552	126,952
Balaxi Healthcare Honduras	<u>340,136</u>	<u>202,136</u>
Due from subsidiaries for sale of goods	<u>17,192,537</u>	<u>10,466,379</u>
Sales of goods to related parties	<u>22,240,708</u>	<u>6,683,989</u>
Purchase of goods from related parties	<u>18,239,126</u>	<u>6,683,989</u>
Salary to the manager	<u>218,077</u>	<u>251,427</u>



NOTES TO THE FINANCIAL STATEMENTS**31.03.2023****31.03.2022****14. FINANCIAL INSTRUMENTS**Derivative & exchange rate risks

The company does not use derivative financial instruments for speculative purposes.

The company does not have any policy of entering into foreign exchange contracts or options to manage its exposure to fluctuations in foreign currency exchange rates since substantial portion of the transactions are designated in USD and in AED to which USD is fixed. Significant foreign currency assets/liabilities as at 31 March 2023 were as follows:

Financial assets in foreign currencies

Bank balance	4,498	28,913
Debtors	-	1,353,119

Credit risks

Financial assets which potentially subject the company to concentration of credit risk consists principally of cash and bank balances and advance to suppliers. Bank balances and deposits are with regulated financial institutions.

Interest rate risks

No interest is paid/received on shareholders' equity and related party advances.

Fair value

At the balance sheet date, the carrying amount of cash and bank balances, and other advances and payables approximated their fair values.

15. COMMITMENTS

There were no significant commitments, of capital nature or otherwise as on the date of these financial statements.

16. COMPARATIVE FIGURES

Comparatives figures have been regrouped/reclassified wherever necessary to confirm to current years figures.

For BALAXI GLOBAL DMCC

MANAGER

