

APOLLO TYRES (MIDDLE EAST) FZE

**Jebel Ali Free Zone, Dubai
United Arab Emirates**

**Financial Statements
(For the year ended March 31, 2024)**

APOLLO TYRES (MIDDLE EAST) FZE

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APOLLO TYRES (MIDDLE EAST) FZE

ESTABLISHMENT INFORMATION

Shareholder

M/s. Apollo Tyres Cooperatief U.A, Netherlands

Directors

Mr. Mohammed Refaat Loubani

Mrs. Nina Angela Sooranna Auchoybur

Mr. Rohit Arora

Mrs. Seema Thapar

Manager

Mr. Pankaj Goyal

Principal business

The principal activities of the Establishment as per the trade license are "Auto Spare Parts & Components Trading".

License no.

125707

Business address

Office No. FZJOA 1907,

Jafza One Building 263391,

Jebel Ali Free Zone, Dubai, U.A.E

Bankers

Emirates NBD,

Deira Branch, Dubai, U.A.E

Mashreq Bank,

Dubai, U.A.E

Auditors

TRC PAMCO Middle East Auditing & Accounting L.L.C

P O Box 94570, Dubai

Tel: +971- 04- 2298777

Email : info@trcpamco.com

APOLLO TYRES (MIDDLE EAST) FZE

DIRECTOR'S REPORT

The Board of Directors of Apollo Tyres (Middle East) FZE ("the Establishment") are pleased to present their report together with the audited financial statements for the year ended March 31, 2024.

Principle activities

The principal activities of the Establishment as per the trade license are "Auto Spare Parts & Components Trading".

Business review

For the year, the Company had a turnover of AED 252.82 million as compared to the previous year turnover of AED 289.67 million. The Company had generated a net income of AED 18.98 million as compared to the previous year net loss of AED 11.41 million.

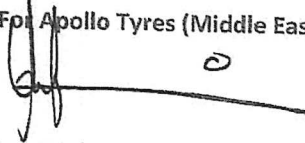
Events subsequent to the reporting date

There were no major events which occurred since the year end that materially affect the financial position of the Establishment.

Auditors

TRC PAMCO Middle East Auditing & Accounting L.L.C is appointed as an Auditor. They have expressed their willingness to continue in office and are eligible for reappointment.

For Apollo Tyres (Middle East) FZE



Mr. Mohammed Refaat Loubani

Director

Dubai

April 29, 2024



INDEPENDENT AUDITOR'S REPORT

The Shareholder
Apollo Tyres (Middle East) FZE
Jafza One Building 263391,
Jebel Ali Free Zone, Dubai, U.A.E

Report on the audit of the financial statements of Apollo Tyres (Middle East) FZE for the year ended March 31, 2024.

Opinion

We have audited the accompanying financial statements of Apollo Tyres (Middle East) FZE ("the Establishment"), which comprises the statement of financial position as on March 31, 2024 and, statement of comprehensive income, statement of cash flows and statement of changes in equity 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 the establishment as on March 31, 2024 and its financial performance 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 (ISA's). Our responsibilities under those standards are further described in the auditors responsibilities for the audit of the financial statements of our report. We are independent of the Establishment in accordance with the 'International Ethics Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), 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 of our opinion.

Other mater

The financial statements of the Establishment for the year ended March 31, 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 26, 2023.



APOLLO TYRES (MIDDLE EAST) FZE

INDEPENDENT AUDITOR'S REPORT

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 IFRS and their preparation in compliance with the applicable regulations issued by the Jebel Ali Free Zone Authority, 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, the management is responsible for assessing the Establishment's ability to continue as a going concern, 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.

Auditors responsibilities for the audit of the financial statements

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 ISA's 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 ISA's, we exercise professional judgment and maintain professional scepticism through out 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.



APOLLO TYRES (MIDDLE EAST) FZE

INDEPENDENT AUDITOR'S REPORT

- 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 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 Establishment 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

We have obtained all the information and explanations, which were necessary for the purpose of our Audit and no violation of the Jebel Ali Free Zone Authority Regulations came to our attention which would materially affect the Establishment's Financial position.

TRC PAMCO ME

TRC PAMCO Middle East Auditing & Accounting L.L.C
Reg. No: 423
Dubai
April 29, 2024



APOLLO TYRES (MIDDLE EAST) FZE

Statement of financial position as on March 31, 2024

		(Figures in AED)	
		As on	As on
ASSETS	Notes	Mar 31, 2024	Mar 31, 2023
Non Current assets			
Property, plant and equipment (net)	3	30,516	86,765
Right-of-use assets	4	70,154	352,311
Long-term deposits	5	391,320	397,820
		<u>491,989</u>	<u>836,896</u>
Current assets			
Advances, prepayments and receivables	6	585,063	615,167
Trade receivables	7	33,947,675	15,322,754
Due from related parties	8	14,862,226	15,247,963
Fixed deposits	9	18,375,000	-
Cash and cash equivalents	10	11,659,872	2,380,374
		<u>79,429,837</u>	<u>33,566,258</u>
		<u>79,921,826</u>	<u>34,403,154</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		2,000,000	2,000,000
Retained earnings/(Accumulated losses)		18,030,466	(948,076)
		<u>20,030,466</u>	<u>1,051,924</u>
Non-current liabilities			
Employee terminal benefits		1,333,609	1,116,498
		<u>1,333,609</u>	<u>1,116,498</u>
Current liabilities			
Due to related parties	12	26,509,193	15,811,869
Accruals and other payable	13	32,048,127	16,116,599
Lease liabilities	11	432	306,264
		<u>58,557,752</u>	<u>32,234,732</u>
		<u>79,921,826</u>	<u>34,403,154</u>
TOTAL EQUITY & LIABILITIES			

Annexed notes form an integral part of these financial statements.

For Apollo Tyres (Middle East) FZE

Mr. Mohammed Refaat Loubani

Director

Dubai

April 29, 2024



APOLLO TYRES (MIDDLE EAST) FZE

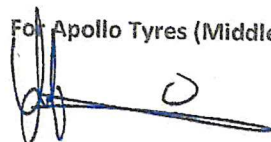
Statement of comprehensive income for the year ended March 31, 2024

(Figures in AED)

		Year ended	Year ended
	Notes	Mar 31, 2024	Mar 31, 2023
Revenue	14	252,819,839	289,667,685
Less: Cost of sales	15	<u>(210,834,873)</u>	<u>(280,439,258)</u>
Gross profit		<u>41,984,965</u>	<u>9,228,427</u>
Other income	16	670,779	295,956
Distribution cost	17	<u>(12,806,607)</u>	<u>(10,131,201)</u>
Administrative and general expenses	18	<u>(10,418,310)</u>	<u>(9,972,876)</u>
Operating income/(loss) for the year		<u>19,430,827</u>	<u>(10,579,694)</u>
Finance cost	19	<u>(452,286)</u>	<u>(831,206)</u>
Net income/(loss) for the year		<u>18,978,541</u>	<u>(11,410,900)</u>
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		<u>18,978,541</u>	<u>(11,410,900)</u>

Annexed notes form an integral part of these financial statements.

For Apollo Tyres (Middle East) FZE



Mr. Mohammed Refaat Loubani
Director
Dubai
April 29, 2024



APOLLO TYRES (MIDDLE EAST) FZE

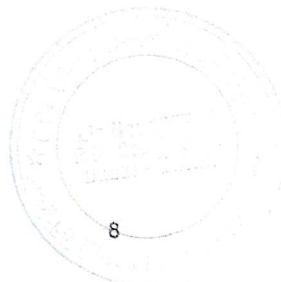
Statement of cash flows for the year ended March 31, 2024

	<i>(Figures in AED)</i>	
	Year ended	Year ended
	Mar 31, 2024	Mar 31, 2023
I. OPERATING ACTIVITIES		
Operating income/(loss) for the year	18,978,541	(11,410,900)
<i>Adjustments:</i>		
Depreciation	356,929	429,795
Lease interest expense	3,450	16,509
Provision for employee terminal benefits	310,819	293,753
Provision for expense	12,322,771	3,609,353
Provision for contract liability	8,854,877	4,567,319
Operating cash flow before working capital changes	40,827,387	(2,494,171)
<i>Changes in working capital</i>		
Decrease/(Increase) in long term deposits	6,500	2,000
Decrease/(Increase) in advances, prepayments and receivables	30,104	67,659
Decrease/(Increase) in trade receivables	(18,624,921)	20,858,940
Decrease/(Increase) in due from related parties	385,737	249,027
(Decrease)/Increase in trade payable	10,697,324	(18,148,189)
(Decrease)/Increase in accruals and other payables	6,097,617	(2,209,364)
Employee terminal benefits payments	(93,708)	(15,953)
Payment for provision for expense	(8,330,084)	(2,337,590)
Payment for contract liability	(3,013,653)	(6,534,516)
Net cash generated from /(used in) operating activities (A)	27,982,304	(10,562,157)
II. INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,523)	(21,444)
Investment in Fixed deposit	(18,375,000)	-
Net cash (used in) investing activities (B)	(18,393,523)	(21,444)
III. FINANCING ACTIVITIES		
Lease payment made during the year	(309,283)	(309,283)
Net cash flows (used in) financing activities (C)	(309,283)	(309,283)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	9,279,498	(10,892,884)
Cash and cash equivalents at the beginning of the year	2,380,374	13,273,258
Cash and cash equivalents at the end of the year	11,659,872	2,380,374
CASH AND CASH EQUIVALENTS		
Cash in hand	8	8
Bank balance	11,659,865	2,380,366
Cash and cash equivalents as per cash flow statement	11,659,872	2,380,374

Annexed notes form an integral part of these financial statements.

For Apollo Tyres (Middle East) FZE

Mr. Mohammed Refaat Loubani
 Director
 Dubai
 April 29, 2024



APOLLO TYRES (MIDDLE EAST) FZE

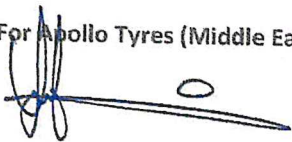
Statement of changes in equity for the year ended March 31, 2024

(Figures in AED)

Particulars	Share capital	Retained Earnings/ (Accumulated losses)	Total
As on April 01, 2022	2,000,000	10,462,824	12,462,824
Total comprehensive loss for the year	-	(11,410,900)	(11,410,900)
Balance as on March 31, 2023	2,000,000	(948,076)	1,051,924
Total comprehensive income for the year	-	18,978,541	18,978,541
Balance as on March 31, 2024	2,000,000	18,030,466	20,030,466

Annexed notes form an integral part of these financial statements.

For Apollo Tyres (Middle East) FZE



Mr. Mohammed Refaat Loubani
Director
Dubai
April 29, 2024



APOLLO TYRES (MIDDLE EAST) FZE

Significant accounting policies to the financial statements for the year ended March 31, 2024

1. LEGAL STATUS, ACTIVITIES AND MANAGEMENT

1.1 Legal status

Apollo Tyres (Middle East) FZE ("the Establishment") is registered as a Free Zone Establishment with limited liability pursuant to the laws and implementing regulations of the Jebel Ali Free Zone Authority (JAFZA) under trade license no. 125707 dated February 01, 2011 and registration no. 143054.

The registered office of the Establishment is located in the Emirate of Dubai.

As per the Memorandum of Association and its subsequent amendments: the issued, subscribed and paid up capital of the Establishment as on March 31, 2024 is AED 2,000,000 (United Arab Emirate Dirhams Two Millions Only) divided into 2 shares of AED 1,000,000 each.

The shareholder as at March 31, 2024 and their share holding in the Establishment as at the date were as follows:

Name of the shareholder	Country of incorporation	No. of shares	%age of holding	Value (AED)
M/s. Apollo Tyres Cooperatief U.A, Netherlands	Netherlands	2	100%	2,000,000
Total		2	100%	2,000,000

The Establishment is a 100% subsidiary of Apollo Tyres Co - Operatief U.A, Netherlands (the parent), which in turns is a 100% wholly owned subsidiary of Apollo Tyres Ltd, India (ultimate parent). Mr. Onkar Kanwar is the Ultimate Beneficiary of the Establishment as per the UBO filing return.

1.2 Activities

The principal activities of the Establishment as per the trade license are "Auto Spare Parts & Components Trading".

1.3 Management

The day to day activities of the Establishment are managed by Directors, Mr. Mohammed Refaat Loubani (Canadian national bearing Passport No. AM019309), Mrs. Nina Angela Sooranna Auchoybur (Mauritius national bearing Passport No. 1495252), Mr. Rohit Arora (Indian national bearing Passport No. Z3323041) and Mrs. Seema Thapar (Indian national bearing Passport No. Z4729896). These names also mentioned as Director(s) in the register of Establishment.



APOLLO TYRES (MIDDLE EAST) FZE

Significant accounting policies to the financial statements for the year ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the IFRSs Interpretations Committee (IFRS IC). These financial statements have been prepared under the historical cost convention.

2.2 Adoption of new and revised international financial reporting standards (IFRS)

(a) New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have been adopted in this financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

I IFRS 17 was issued in May 2017 (further amended in 2020 & 2021) as replacement for IFRS 4 Insurance Contracts.

II Disclosure of Accounting policies - The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies.

III Amendment to definition of Accounting Estimates - The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

IV Deferred Tax related to Assets and Liabilities arising from a single Transaction – Amendments to IAS 12.

(b) New and revised IFRSs in issue but not yet effective

I Classification of Liabilities as Current or Non-current – Amendments to IAS 1 with effect from January 01, 2024. Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.

II Lease Liability in a Sale and Leaseback – Amendments to IFRS 1 with effect from January 01, 2024.

III Supplier finance arrangements – Amendments to IAS 7 and IFRS 7 with effect from January 01, 2024.

IV Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments is not expected to have any material impact on the financial statements of the company in the year of their initial application.



Significant accounting policies to the financial statements for the year ended March 31, 2024

2.3 Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have most significant effect on the amounts recognised in the financial statements are described in Notes.

2.4 Revenue recognition

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Establishment will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue as and when the Establishment satisfies a performance obligation.

APOLLO TYRES (MIDDLE EAST) FZE

Significant accounting policies to the financial statements for the year ended March 31, 2024

The Establishment recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs; or
- The Establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Establishment's performance does not create an asset with an alternative use to the Establishment and the Establishment has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Establishment satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability – advances from customers.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, which may include discounts, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised in the statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the Establishment and the revenue and costs, if applicable, can be measured reliably.

2.5 Property, plant and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

ASSET CLASS	Estimated life
Furniture and fixtures	5 years
Office equipment	3 years
Vehicles	3 years



Significant accounting policies to the financial statements for the year ended March 31, 2024

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the statement of comprehensive income as the expense is incurred.

An item of property and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the period the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial period end, and adjusted prospectively, if appropriate.

2.6 Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts as per the expected credit loss model. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

The Establishment makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the provision, the Establishment uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

2.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances.

2.8 Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received. In case the invoices are not available, the same is included in the accruals.

2.9 Provisions

Provisions are recognized when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Significant accounting policies to the financial statements for the year ended March 31, 2024

2.10 Employees' end of service benefits

The Establishment provides end of service benefits (Gratuity and Leave Encashment) to its employees and its expatriate. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

2.11 Leases

Right of use assets

The Establishment recognises Right of use assets and lease liability at the lease commencement date. The Right of use assets is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying assets, less any lease incentive received.

Lease liabilities

The Establishment recognises lease liabilities measured at amortised cost using the effective method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

2.12 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at the currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.13 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:

APOLLO TYRES (MIDDLE EAST) FZE

Significant accounting policies to the financial statements for the year ended March 31, 2024

- 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 by the Company.

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 economic best 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting Year. This note summarises accounting policy for fair value.

2.14 Financial instruments

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



Significant accounting policies to the financial statements for the year ended March 31, 2024

a) Financial assets

Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, are classified as at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The losses arising from impairment are recognised in the Statement of comprehensive income.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



Significant accounting policies to the financial statements for the year ended March 31, 2024

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.



Significant accounting policies to the financial statements for the year ended March 31, 2024

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under IFRS 16
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15 (referred to as contractual revenue receivables' in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets; and
- All lease receivables resulting from transactions within the scope of IFRS 16

The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent Year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider.

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms



Significant accounting policies to the financial statements for the year ended March 31, 2024

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.



APOLLO TYRES (MIDDLE EAST) FZE

Significant accounting policies to the financial statements for the year ended March 31, 2024

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
- Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Derecognition

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

2.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.16 Share capital

Proceeds from issuance of ordinary shares are recognized as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.



Significant accounting policies to the financial statements for the year ended March 31, 2024

2.17 Value Added Tax

Value Added Tax (VAT) asset/ liability is recognized in the books on the basis of regulations defined by Tax Authorities.

Expenses and assets are recognized net of the amount of value added tax, except:

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

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the financial statements.

2.18 UAE Corporation Tax law and application of IAS 12 Income Taxes

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1st June 2023.

The company will be subject to a corporate tax rate ranging from 0% to 9% on taxable income above a threshold of AED 375,000 for periods beginning on or after 1 June 2023.

The CT Law is considered enacted for reporting purposes and the management has concluded that there is no deferred tax impact on the reporting date.

The Company has not identified any material risks or uncertainties in the structure from a corporate perspective and will continuously monitor further developments that could impact the tax profile.

2.19 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognized because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.



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Significant accounting policies to the financial statements for the year ended March 31, 2024

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognized on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.



APOLLO TYRES (MIDDLE EAST) FZE

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

3. PROPERTY, PLANT AND EQUIPMENT (NET)*(Figures in AED)*

Particulars	Furniture and Fixtures	Office Equipment	Motor Vehicles	Total
Cost				
As on 1st April 2022	677,395	129,018	83,349	889,762
Additions during the year	-	21,444	-	21,444
Disposals during the year	-	(12,098)	-	(12,098)
As on March 31, 2023	677,395	138,364	83,349	899,108
Additions during the year	-	18,523	-	18,523
Disposals during the year	-	-	(83,349)	(83,349)
As on March 31, 2024	677,395	156,886	-	834,281
Depreciation				
As on 1st April 2022	514,818	101,478	60,199	676,495
For the year	103,569	21,227	23,150	147,946
Disposal during the year	-	(12,098)	-	(12,098)
As on March 31, 2023	618,387	110,607	83,349	812,343
For the year	59,008	15,764	-	74,772
Disposal during the year	-	-	(83,349)	(83,349)
As on March 31, 2024	677,395	126,371	-	803,766
Net value				
As on March 31, 2023	-	30,516	-	30,516
As on March 31, 2024	59,008	27,757	-	86,765



APOLLO TYRES (MIDDLE EAST) FZE

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

	(Figures in AED)	
	As on Mar 31, 2024	As on Mar 31, 2023
4. RIGHT-OF-USE ASSETS - OFFICE PREMISES		
Opening balance	352,311	634,160
Additions to right of use assets	-	-
Less: Amortisation during the year	(282,157)	(281,849)
Closing balance	70,154	352,311
Maturity analysis of lease payments is given in Note No. 11.		
5. LONG-TERM DEPOSITS		
Deposits*	391,320	397,820
	391,320	397,820
<i>*It consist of Employee Bank Guarantee deposits amounting to AED 339,273 kept with JAFZA Authority which is considered good and recoverable.</i>		
6. ADVANCES, PREPAYMENTS AND RECEIVABLES		
Staff advances	333,097	454,244
Prepayments	170,214	145,745
Vendor advance	67,151	-
Portal advances	6,326	4,851
Net VAT receivables	8,274	10,327
	585,063	615,167
7. TRADE RECEIVABLES		
Trade receivables	33,947,675	15,322,754
Less : Provision for Expected Credit Loss (ECL)	-	-
	33,947,675	15,322,754
<i>In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the date of adoption of the accounts. Management has taken the current market conditions and payment received subsequent to the reporting date when assessing the credit quality of trade receivables and accordingly provision for doubtful debts is considered.</i>		
<i>Due to for less than 30 days</i>	16,047,641	12,355,198
<i>Due for more than 30 days and less than 60 days</i>	15,110,555	2,328,985
<i>Due for more than 60 days</i>	2,789,479	638,571
	33,947,675	15,322,754



APOLLO TYRES (MIDDLE EAST) FZE

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

(Figures in AED)

	As on Mar 31, 2024	As on Mar 31, 2023
8. DUE FROM RELATED PARTIES		
Apollo Tyres Ltd, India (Due from related party)	162,226	547,963
Apollo Tyres Ltd, India (Advance given to related party)	14,700,000	14,700,000
	14,862,226	15,247,963

Due from related parties are unsecured, interest free and repayable on demand.

Advance given to related party represent the trade advance against supplies.

9. FIXED DEPOSITS

Fixed deposits	18,375,000	-
	18,375,000	-

**The Company is having fixed deposit amounting to USD 5,000,000/- with Mashreq Bank as on March 31, 2024 whose tenure is six months autorenewal.*

10. CASH AND CASH EQUIVALENTS

Cash in hand	8	8
Cash at bank	11,659,865	2,380,366
	11,659,872	2,380,374

11. LEASE LIABILITIES

Opening balance	306,264	599,038
Add: Lease Liabilities during the year	-	-
Add: Lease Interest	3,450	16,509
Less: Lease payments	(309,283)	(309,283)
	432	306,264

Breakup of lease liabilities as on year end basis:

Current portion	432	306,264
Non-current portion	-	-
	432	306,264

Maturity analysis of lease liability - contractual cash flows (undiscounted)

Less than one year	432	309,714
One to three years	-	-
More than three years	-	-
Undiscounted Cashflows	432	309,714
Less: Finance Charges	-	(3,450)
Undiscounted Cashflows	432	306,264



APOLLO TYRES (MIDDLE EAST) FZE

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

(Figures in AED)

	As on Mar 31, 2024	As on Mar 31, 2023
Amount recognized in income statement		
Amortisation of right of use lease asset	282,157	281,849
Interest expense on lease liability	3,450	16,509
Total	285,608	298,358

Amount recognized in statement of cash flows		
Interest component for long-term leases	3,450	16,509
Principal component for long-term leases	305,832	292,774
Total cash outflow for leases	309,283	309,283

12. DUE TO RELATED PARTIES

Apollo Tyres Ltd, India	19,953,181	14,077,785
Apollo Tyres AG, Switzerland	879,580	552,388
Apollo Tyres EU B.V, Netherlands	5,004,184	-
Apollo Tyres (NL) B.V., Netherlands (Earlier known as Apollo Vredestein B.V, Netherlands)	591,760	1,101,052
Apollo Tyres (U.K) Pvt. Ltd, UK	80,487	60,579
Apollo Tyres Holdings (Singapore) Pte Ltd, Singapore	-	20,065
	26,509,193	15,811,869

Due to related parties are unsecured on account of receipt of goods & services.

13. ACCRUALS AND OTHER PAYABLES

Accruals and employee related payable	1,645,275	1,652,592
Advance from customers	15,491,235	9,386,301
Provisions*	7,174,665	3,181,978
Contract liabilities**	7,736,952	1,895,728
	32,048,127	16,116,599

* It represents provisions made for sales support @ 2.3% (2022-23: @ 1.1%) of the gross sales of the company and tyres claims for the remaining tread in case of tyre fail as on year end as per the company policy considering the market impact.

** It represents provisions for trade incentive @ 2.5% (2022-23: @ 2.1%) and Fleet discount @ 3.2% (2022-23: Nil) on the gross sales of the company for last 2 quarters as per the company policy considering the market impact of price reduction by the competitors.



APOLLO TYRES (MIDDLE EAST) FZE

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

(Figures in AED)

	Year ended Mar 31, 2024	Year ended Mar 31, 2023
14. REVENUE		
Revenue from sale of goods*	252,819,839	289,667,685

* The above revenue is net of turnover discount & incentive.

The company generated the revenue from sales of goods at point in time basis. The disaggregated revenue from contracts with customers by timing of revenue recognition, geographical segments and product wise are presented below.

i. Revenue by timing of sales

Point in time	252,819,839	289,667,685
Over the period of time	-	-
	252,819,839	289,667,685

ii. Revenue by geographical locations of sales of goods

Country-wise	Mar 31, 2024	Mar 31, 2023
Egypt	9,034,186	2,600,116
Ethiopia	732,125	374,003
Iraq	13,689,297	16,004,595
Kenya	3,491,353	4,152,909
Kuwait	5,985,126	6,645,141
Oman	6,230,585	7,366,251
Turkey	43,055,604	44,748,883
UAE	104,585,115	94,158,513
Morocco	503,977	880,822
Guinea	181,085	356,659
Saudi Arabia	36,067,586	60,833,642
Other countries of African Region	18,665,909	28,085,697
Others	10,597,891	23,460,454
Total	252,819,839	289,667,685

iii. Revenue by category wise of sales

Sale of Truck/Bus Bias	4,823,414	5,276,554
Sale of Truck/Bus Radial	103,764,286	135,102,858
Sale of light Truck Bias	7,221,520	9,188,932
Sale of light Truck Radial	16,575,168	24,908,178
Sale of Passenger Car Radial	107,897,024	96,180,706
Sale of Off Highway & Farm Tyres	10,118,544	16,591,458
Sale of Two Wheeler Tyres	2,419,883	2,418,997
Total	252,819,839	289,667,685



APOLLO TYRES (MIDDLE EAST) FZE**Notes to the financial statements for the year ended March 31, 2024**

(Figures in AED)

	<u>Year ended Mar 31, 2024</u>	<u>Year ended Mar 31, 2023</u>
15. COST OF SALES		
Cost of sales	210,834,873	280,439,258
16. OTHER INCOME		
Exchange gain/(loss)	650,581	(22,927)
Commission income	-	49,413
Credit balances written back	20,197	267,470
Profit on sale on disposal of property plant and equipment	-	2,000
	670,779	295,956
17. DISTRIBUTION COSTS		
Royalty	5,927,029	6,808,298
Advertising and publicity	1,003,172	478,837
Other distribution costs	5,876,407	2,844,066
	12,806,607	10,131,201
18. ADMINISTRATIVE AND GENERAL EXPENSES		
Rent expense	24,140	30,000
Employee cost	6,361,047	6,032,869
Legal and professional charges	956,804	837,041
Consultancy charges	1,335,220	1,239,023
Depreciation on property, plant and equipment	74,772	147,946
Amortisation on right-of-use assets	282,157	281,849
Other expenses	1,384,169	1,404,148
	10,418,310	9,972,876
19. FINANCE COST		
Bank charges	448,836	814,697
Lease interest expense	3,450	16,509
	452,286	831,206



Notes to the financial statements for the year ended March 31, 2024**20. FINANCIAL INSTRUMENTS**

The management believes that the fair value of the financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

a. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Establishment's functional currency. The Establishment does not have any significant currency risk as the Establishment's significant monetary assets and liabilities denominated in foreign currencies are in USD. As the United Arab Emirates Dirhams (AED) is currently pegged to the USD, balances in USD are not considered to represent significant currency risk.

The Establishment's exposure to foreign currency risk at the end of the reporting period, expressed in U.A.E. Dirhams, was as follows:

	<i>(Figures in AED)</i>	
	As on Mar 31, 2024	As on Mar 31, 2023
Balance with bank in current account (Euro)	2,769,761	683,914
Due to related parties (in Euro)	5,004,184	876,448
Due to related parties (In GBP)	80,487	60,579
Due to related parties (In CHF)	879,580	552,388
	8,734,012	2,173,329

b. Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period. The Establishment has no significant concentration of credit risk. Cash balance is held with high credit quality financial institutions and the Establishment has policies to limit the amount of credit exposure to any financial institution.

The Establishment's bank accounts are placed with high credit quality financial institutions. The Establishment manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. Credit risk is limited to the carrying value of financial assets in the balance sheet.

The maximum exposure to credit risk at the end of the reporting period was:

APOLLO TYRES (MIDDLE EAST) FZE

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

(Figures in AED)

	As on Mar 31, 2024	As on Mar 31, 2023
Advances and receivables	414,848	469,422
Trade receivables	33,947,675	15,322,754
Due from related parties	14,862,226	15,247,963
Fixed deposits	18,375,000	-
Cash and cash equivalents	11,659,872	2,380,374
	79,259,623	33,420,513

c. Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

d. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

(Figures in AED)

	Carrying Amount	Within 1 year	1 to 5 years
As on March 31, 2024			
Due to related parties	26,509,193	26,509,193	-
Accruals and other payable	32,048,127	32,048,127	-
Lease liabilities	432	432	-
	58,557,320	58,557,320	-
As on March 31, 2023			
Due to related parties	15,811,869	15,811,869	-
Accruals and other payable	16,116,599	16,116,599	-
Lease liabilities	306,264	306,264	-
	32,234,732	32,234,732	-

e. Capital risk management

The Establishment manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Establishment's overall strategy remains unchanged during the year.

21. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING DATE

There were no major events which occurred since the year end that materially affect the financial position of the Establishment.



APOLLO TYRES (MIDDLE EAST) FZE

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

22. RELATED PARTY TRANSACTIONS AND BALANCES

The Establishment in the normal course of business enters into transactions with other business enterprises that fall within the definition of Related Party contained in the International Accounting Standard. Related parties comprises companies and entities under common ownership and/ or common management and control and key management personnel. The Establishment's management decides on the term and conditions of such related party transactions as well as on other services and charges.

Following are the related parties and the nature of relationship:

Name of the related Party	Nature of relationship
Apollo Tyres Ltd, India	Ultimate Parent Company
Apollo Tyres AG, Switzerland	Fellow subsidiaries
Apollo Tyres EU B.V, Netherlands	
Apollo Tyres (NL) B.V., Netherlands (Earlier known as Apollo Vredestein B.V, Netherlands)	
Apollo Tyres (U.K) Pvt. Ltd, UK	
Apollo Tyres Holdings (Singapore) Pte Ltd, Singapore	

Details of transaction with related party during the year:

	<i>(Figures in AED)</i>	
	Year ended Mar 31, 2024	Year ended Mar 31, 2023
i. Apollo Tyres Ltd, India		
Purchases	180,581,748	271,474,110
Commission income	-	49,413
Distribution cost (Royalty)	687,880	916,492
Other administrative expense (IT Cross charge)	76,675	111,122
ii. Apollo Tyres AG, Switzerland		
Distribution cost (Royalty)	3,257,495	4,700,356
iii. Apollo Tyres EU B.V, Netherlands		
Purchases	29,357,505	-
iv. Apollo Tyres (NL) B.V., Netherlands (Earlier known as "Apollo Vredestein B.V, Netherlands")		
Purchases	-	7,513,607
Distribution cost (Royalty)	1,981,653	1,191,450
v. Apollo Tyres (U.K) Pvt. Ltd, UK		
Legal & professional charges	852,438	779,152
vi. Apollo Tyres Holdings (Singapore) Pte Ltd, Singapore		
Purchases	895,620	1,451,541

APOLLO TYRES (MIDDLE EAST) FZE

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

Balances receivable/(payable) at the year end:

(Figures in AED)

Name of the related parties	Nature of balances	As on Mar 31, 2024	As on Mar 31, 2023
Apollo Tyres Ltd, India	Due from related parties	162,226	547,963
	Advances given to related party	14,700,000	14,700,000
	Due to related parties	(19,953,181)	(14,077,785)
Apollo Tyres AG, Switzerland	Due to related parties	(879,580)	(552,388)
Apollo Tyres EU B.V, Netherlands	Due to related parties	(5,004,184)	-
Apollo Tyres (NL) B.V., Netherlands (Earlier known as Apollo Vredestein B.V, Netherlands)	Due to related parties	(591,760)	(1,101,052)
Apollo Tyres (U.K) Pvt. Ltd, UK	Due to related parties	(80,487)	(60,579)
Apollo Tyres Holdings (Singapore) Pte Ltd, Singapore	Due to related parties	-	(20,065)

23. CONTINGENT LIABILITIES & CAPITAL COMMITMENTS

As on the reporting date, there are no contingent liabilities arising in the ordinary course of the business, which are expected to give rise to any material loss.

24. SEGMENT REPORTING

There is no geographical segment to be reported since all the operations are carried out in the United Arab Emirates.

25. KEY SOURCES OF ESTIMATION UNCERTAINTY

a. Useful lives of property and equipment

The Establishment's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

b. Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model.



APOLLO TYRES (MIDDLE EAST) FZE

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

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

c. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

26. AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements for the financial year ended March 31, 2024 were authorized for issue in accordance with a resolution of the directors on April 29, 2024.

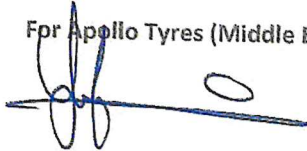
27. GENERAL

27.1 Figures in the financial statements are rounded off to the nearest United Arab Dirham (AED).

27.2 Previous year figures have been re-grouped/ re-classified/ re-arranged where ever necessary to confirm to the current year figures.

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

For Apollo Tyres (Middle East) FZE



Mr. Mohammed Refaat Loubani
Director
Dubai
April 29, 2024

