APOLLO TYRES (MIDDLE EAST) FZE

P.O. Box 263391, Jebel Ali Free Zone, Dubai,
United Arab Emirates

Financial Statements and Auditor's Report

For the Year Ended March 31, 2020

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Board of Director's Report To The Shareholder

The board submits its report and audited financial statements for the year ended March 31, 2020.

Results

The net profit for the year is amounted to AED 1,885,394 as compared to net profit of AED 2,053,502 in the previous year March 31, 2019.

Review of the business

The principal activity of the Establishment is to trade in auto spare parts and components.

During the year, sales increased by 39.13% to AED 174 million as compared to AED 125 million in the previous year March 31, 2019.

Gross profit margin for the current year is 10.73% as compared to 9.75% in the previous year March 31, 2019.

Auditors

A resolution to re-appoint N. R. Doshi & Partners, Public Accountants as auditors and fix their remuneration will be put to the shareholder at the Annual General Meeting.

On Behalf of the Board

T K Maharaj

Director

Date : May 10, 2020

Independent Auditor's Report to the Shareholder of

APOLLO TYRES (MIDDLE EAST) FZE

P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

Report on the audit of the financial statements

We have audited the financial statements of **Apollo Tyres (Middle East) FZE** ("the Establishment"), which comprise the statement of financial position as at March 31, 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Establishment as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of opinion

We conducted our audit in accordance with the 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

The Management of the Establishment is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association of the Establishment, the Jebel Ali Free Zone Companies Implementing Regulations 2016, the UAE Federal Law No. 2 of 2015 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

(Independent auditor's report continued on next page...)

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Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

(Independent auditor's report continued on next page...)

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Report on other legal and regulatory requirement

Further, as required by the Jebel Ali Free Zone Companies Implementing Regulations 2016 and the UAE Federal Law No. 2 of 2015, we report that:

i. we have obtained all the information we considered necessary for the purposes of our audit;

ii. the financial statements of the Establishment have been prepared and comply, in all material respects, with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016 and the UAE Federal Law 2 of 2015;

iii. the Establishment has maintained proper books of accounts;

iv. the Establishment has not purchased any shares or stocks during the financial year;

v. the financial information included in the board of director's report is consistent with the Establishment's books of accounts;

vi. note 21 to the financial statements of the Establishment reflects material related party transactions and the terms under which they were conducted;

vii. 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 March 31, 2020 any of the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016 and the UAE Federal Law No. 2 of 2015 or its Articles of Association which would materially affect its activities or its financial position as at March 31, 2020.

N. R. Doshi & Part

Public Accountants

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Dubai, United Arab Emirates

Date : May 10, 2020

APOLLO TYRES (MIDDLE EAST) FZE

P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended March 31, 2020 All figures are expressed in U.A.E. Dirhams	**Notes**	**31.03.2020**	**31.03.2019**
Continuing operations			
Revenue from contract with customers	6	173,546,998	124,741,740
Cost of revenue		(154,925,585)	(112,578,048)
Gross profit		18,621,413	12,163,692
Other operating income	7	888,083	3,123,188
Distribution cost	8	(6,157,615)	(4,701,968)
Other administrative expenses	9	(10,783,357)	(8,531,410)
Net impairment losses		(629,895)	0
Operating Profit		1,938,629	2,053,502
Finance cost		(53,235)	0
Finance income		0	0
Profit from continuing operations		1,885,394	2,053,502
Discontinued operations			
Profit for the year from discontinued operations		0	0
Profit for the year		**1,885,394**	**2,053,502**
Attributable to :			
Shareholder of the Establishment		1,885,394	2,053,502
Non-controlling interest		0	0
Profit for the year		1,885,394	2,053,502
Other comprehensive income			
- Items that will not be reclassified subsequent to profit or loss		0	0
- Items that will be reclassified subsequent to profit or loss		0	0
Total Comprehensive income for the year		**1,885,394**	**2,053,502**
Attributable to:			
Shareholder of the Establishment		1,885,394	2,053,502
Non-controlling interest		0	0
		1,885,394	2,053,502

These financial statements on pages 5 to 32 were authorised for issue on May 10, 2020 by the Board of director and signed on behalf of the board by:

TK Maharaj

Director

The accompanying notes 1 to 27 form an integral part of these financial statements.

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P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

Statement of Financial Position

As at March 31, 2020 . All figures are expressed in U.A.E. Dirhams	Notes	31.03.2020	31.03.2019
ASSETS			
Non-Current Assets			
Property, plant and equipment	10	559,535	718,879
Right-of-use assets	11.1	1,197,862	0
Financial assets at amortised cost	12	407,415	468,784
Total non-current assets		2,164,812	1,187,663
Current Assets			
Inventories	13	0	222,643
Trade receivables	14	17,175,813	19,466,620
Cash and bank balances	15	15,724,017	5,474,480
Financial assets at amortised cost	12	3,604,843	3,092,529
Other assets	16	194,261	366,091
Total current assets		36,698,934	28,622,363
Total assets		**38,863,746**	**29,810,026**
EQUITY AND LIABILITIES			
Equity			
Share capital	1.1	2,000,000	2,000,000
Retained earnings	17	8,508,603	6,623,209
Total equity		10,508,603	8,623,209
Non-Current Liabilities			
Lease liabilities	11.2	879,078	0
Employee end of service benefits		578,442	361,850
Total non-current liabilities		1,457,520	361,850
Current Liabilities			
Financial liabilities at amortised cost	18	14,835,085	14,733,036
Lease liabilities	11.2	268,096	0
Other liabilities	19	11,794,442	6,091,931
Total current liabilities		26,897,623	20,824,967
Total liabilities		28,355,143	21,186,817
Total equity and liabilities		**38,863,746**	**29,810,026**

These financial statements on pages 5 to 32 were authorised for issue on May 10, 2020 by the Board of director and signed on behalf of the board by:

T K T Maheraj

Director

The accompanying notes 1 to 27 form an integral part of these financial statements.

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APOLLO TYRES (MIDDLE EAST) FZE

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Statement of Changes in Equity

For the Year Ended March 31, 2020
All figures are expressed in U.A.E. Dirhams

	Share Capital	Retained Earnings	Total
Balance as at April 1, 2018	2,000,000	4,569,707	6,569,707
Profit for the year	0	2,053,502	2,053,502
Other comprehensive income	0	0	0
Total comprehensive income for the year	0	2,053,502	2,053,502
Transaction with shareholder recorded directly in equity	0	0	0
Balance as at March 31, 2019	**2,000,000**	**6,623,209**	**8,623,209**
Profit for the year	0	1,885,394	1,885,394
Other comprehensive income	0	0	0
Total comprehensive income for the year	0	1,885,394	1,885,394
Transaction with shareholder recorded directly in equity	0	0	0
Balance as at March 31, 2020	**2,000,000**	**8,508,603**	**10,508,603**

The accompanying notes 1 to 27 form an integral part of these financial statements.

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Statement of Cash Flows

For the Year Ended March 31, 2020 All figures are expressed in U.A.E. Dirhams	Notes	31.03.2020	31.03.2019
I. Cash flow from operating activities			
Net profit for the year		1,885,394	2,053,502
Adjustments for:			
Depreciation		537,312	271,711
Finance cost		53,235	0
Loss/ (profit) on sale of property, plant and equipment		0	672
Provision for employee end of service benefits		216,592	129,192
Cash flow from operations before working capital changes		2,692,533	2,455,077
Changes in inventories		222,643	823,006
Changes in trade receivables		2,290,807	(5,087,183)
Changes in financial assets at amortised cost		(450,945)	(2,055,270)
Changes in other assets		95,346	(139,154)
Change in financial liabilities at amortised cost		102,049	4,444,059
Change in other liabilities		5,702,511	2,016,954
Net cash flow from operating activities		**10,654,944**	**2,457,490**
II. Cash flow from investing activities			
Purchase of property, plant and equipment		(96,124)	(734,768)
Proceeds from sale of property, plant and equipment		0	2,200
Net cash used in investing activities		**(96,124)**	**(732,568)**
III. Cash flow from financing activities			
Payment of lease liabilities		(309,283)	0
Net cash used in financing activities		**(309,283)**	**0**
Increase in cash and cash equivalents	(I + II + III)	**10,249,537**	**1,724,922**
Cash and cash equivalents as at beginning of the year	(Note 5.10, 20)	5,474,480	3,749,558
Cash and cash equivalents as at end of the year	(Note 5.10, 20)	**15,724,017**	**5,474,480**
Non-cash financing and investing activities		**Nil**	**Nil**

The accompanying notes 1 to 27 form an integral part of these financial statements.

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Notes to the Financial Statements

For the Year Ended March 31, 2020
All figures are expressed in U.A.E. Dirhams

1 Legal Status, Business 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 Law No. 9 of 1992 of H.H.Sheikh Mohammad Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued there under by the Jebel Ali Free Zone Authority, Dubai, U.A.E.

The Jebel Ali Free Zone Authority has issued Trade Licence No. 125707 and Registration No. 143054 dated February 1, 2011.

The issued and paid up capital of the Establishment is AED 2,000,000 divided into 2 shares of AED 1,000,000 each.

The Establishment is a 100% subsidiary of Apollo Tyres Co - Operatief U.A, Netherlands (the parent), which in turn is a 100% subsidiary of Apollo Tyres Ltd, India (the ultimate parent).

The registered office of the Establishment is located at Office No. FZJOA1907, JAFZA One Building, P.O. Box 263391, Jebel Ali Free Zone, Dubai, U.A.E.

1.2 Business Activities

The principal activity of the Establishment is to trade in auto spare parts and components.

1.3 Management

The Establishment is managed by Directors, Mr. Mohammed Refaat Loubani, Mr. Manish Maharaj, Mrs. Seema Thapar and Ms. Nina Angela Sooranna-Auchoybur and Manager Mr. Gaurav Narain Adeshwar Nath Mathur.

2 Basis of Preparation

2.1 Compliance with International Financial Reporting Standard

The financial statements of the Establishment has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, certain classes of property, plant and equipment which are measured at fair value.

Notes to the Financial Statements

2.3 Functional and Presentation Currency

The financial statements are presented in U.A.E Dirhams, which is the Establishment's functional currency. All financial information presented in U.A.E Dirhams has been rounded to the nearest Dirhams.

3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in conformity with IFRSs required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

The key judgments and estimates and assumptions that have significant impact on the financial statements of the Establishment are as discussed below:

3.1 Satisfaction of Performance Obligations

The Establishment is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point of time in order to determine the appropriate method of recognising revenue. The Establishment has assessed that the revenue is recognised at a point in time based on agreements entered with customers and the provisions of relevant laws and regulations.

3.2 Determination of Transaction Price

The Establishment is required to determine the transaction price in respect of each of its contract with customers. In making such judgment the Establishment assesses the impact of any variable consideration in the contract, due to discounts, the existence of any significant financial component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Establishment uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in the range of possible consideration amounts.

3.3 Transfer of Control in Contracts with Customers

In the cases where the Establishment determines that performance obligation are satisfied at a point in time, revenue is recognised when the control over the asset that is the subject of the contract is transferred to the customer.

In the case of contracts to sell goods, the control passes when risks and rewards of goods is passed on to customer.

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Notes to the Financial Statements

3.4 Useful lives of Property, Plant and Equipment

The Establishment's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

3.5 Impairment of Financial Assets

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

3.6 Determining the Lease Term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Most extension options in office leases have not been included in the lease liability, because the Establishment could replace the assets without significant cost or business disruption.

3.7 Impairment of Non-Financial Assets

The Establishment assesses whether there are any indicators for impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

3.8 Fair Value Measurement of Financial Instrument

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Establishment uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

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4.1 New Standards, Interpretations and Amendments to Existing Standards

The Establishment has applied the following standards and amendments for the first time for its annual reporting period commencing from April 1, 2019. Although these new standards and amendments applied for the first time, they did not have a material impact on the financial statements of the Establishment. The new standard or amendment is described below:

IAS / IFRS	Brief Description
IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long Term interests in Associates and Joint Ventures
Annual Improvements to IFRS Standards 2015-2017	Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing
Amendments to IAS 19	Employee Benefits Plan Amendment, Curtailment or Settlement

4.2 Standards and Interpretations Issued but not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2020 reporting period and have not been early adopted by the Establishment.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
IFRS 17	January 1, 2021	Insurance Contracts
IFRS 10 and IAS 28	To be determined	Sale or contribution of Assets between on Investors and its Associate or Joint Venture
Amendments to IFRS 3	January 1, 2020	Definition of a Business
Amendments to IAS 1 & IAS 8	January 1, 2020	Definition of Material
Conceptual Framework	January 1, 2020	Amendments to Reference to the Conceptual Framework in IFRS Standards

4.3 The Establishment has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5 Summary of Significant Accounting Policies

The accounting policies used by the Establishment in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

Notes to the Financial Statements

5.1 Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

5.2 Revenue Recognition

5.2.1 Revenue from Contracts with Customers

The Establishment recognises revenue from contracts with customers based on five step model as set out in IFRS 15:

i. - Identify the contracts with a customer

ii. - Identify the performance obligations in the contract

iii. - Determine the transaction price

iv. - Allocate the transaction price to the performance obligation in the contract

v. - Recognise revenue when (or as) the entity satisfies a performance obligation

The Establishment recognises revenue at the point in time which the performance obligation is satisfied.

When the Establishment satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based 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 contractual liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is recognised in the income statement 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.

5.3 Investments and Other Financial Assets

5.3.1 Classification

The Establishment classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI) or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI, For investments in equity instruments that are not held for trading, this will depend on whether the Establishment has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

5.3.2 Recognition

All financial assets are recognised and derecognised on trade date and when the purchase and sale of financial asset is made under a contract whose terms require delivery of financial asset within the timeframe established by the market concern.

5.3.3 Initial Measurement

At initial recognition, the Establishment measures a financial assets at its fair value plus, in the case of a financial assets not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in profit of loss.

5.3.4 Subsequent Measurement

For the purpose of subsequent measurement, financial assets are classified in two categories:

a. Debt Instrument

Subsequent measurement of debt instrument depends on the Establishment's business model for managing the assets and the cash flow characteristics of the asset. There are three measurement categories into which the Establishment classifies its debt instruments:

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i. Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

ii. Fair Value Through Other Comprehensive Income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

iii. Fair Value Through Profit or Loss (FVPL)

Financial asset are measured at FVPL unless it is measured at amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

b. Equity Instruments

The Establishment subsequently measures all equity investments at fair value. Where the Establishment's management has elected to present fair value gains and losses on equity investment in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investment continue to be recognised in profit or loss as other income when the Establishment's right to receive payments is established.

The Establishment derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

5.3.5 Derecognition

A financial asset (or, when applicable, a part of financial asset of part of Establishment of financial assets) is derecognised when:

i. The right to receive cash flows from the asset have expired,

ii. The Establishment retains the right to receive cash flow from the asset, but has assumed an obligation to pay them in full without material delay to the third party under a 'pass-through' arrangement,

iii. The Establishment has transferred its right to receive cash flow from the asset and either:
- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

5.3.6 Impairment of Financial Assets

The Establishment assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

5.4 Financial Liabilities

5.4.1 Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, 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 Establishment's financial liabilities include employee end of service benefits and financial liabilities at amortised cost.

5.4.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

a. 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 profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Establishment has not designated any financial liability as at fair value through profit or loss.

Notes to the Financial Statements

b. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR amortisation is included as finance costs in the statement of profit or loss.

c. Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

5.4.3 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 profit or loss.

5.5 Leases

Establishment as a Lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Establishment. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments, variable lease payment and payments of penalties for terminating the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Establishment, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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Right-of-use assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, any initial direct costs and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Establishment is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of offices and warehouses are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Significant Change in the Current Reporting Period

The Establishment has adopted *IFRS 16 Leases* retrospectively from 1 April 2019, but has not restated comparatives for the reporting period ended March 31, 2019, as permitted under the specific transition provisions in the standard.

Until March 31, 2019, leases of property, plant and equipment where the Establishment, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Establishment will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Establishment as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

5.6 Property, Plant and Equipment

5.6.1 Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

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5.6.2 Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Establishment, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

5.6.3 Depreciation

Depreciation on property, plant and equipment has been computed on straight-line method at the annual rates estimated to write off the cost of the assets over their expected useful lives as under:

Furniture and fixtures	5 years	(20.00% per annum)
Office equipment	3 years	(33.33% per annum)
Vehicles	3 years	(33.33% per annum)

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

5.7 Inventories

Inventories are stated at the lower of cost or net realized value, cost being determined using the Weighted Average method, except for materials in-transit, which are stated at actual cost determined using the specific identification method. Net realizable value is the estimate of the selling price in ordinary course of business less cost of selling expenses. If the net realizable value of inventories is lower than the acquisition cost, the acquisition cost is adjusted to net realizable value and the difference between the original acquisition cost and revalued amount is charged to current operations. If, however, the circumstances that caused the valuation loss ceased to exist, causing the market value to rise above the carrying amount, the valuation loss is reversed limited to the original carrying amount before valuation.

5.8 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 365 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Establishment holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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5.9 Impairment of Non-Financial Assets

Non Financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

5.10 Cash and Cash Equivalents

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

5.11 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Establishment prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 365 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

5.12 End-of-service Benefits

The Establishment provides end-of-service benefits to its employees. The entitlement to these benefits is usually 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.

5.13 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 the Establishment will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material.)

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		31.03.2020	31.03.2019
6	**Revenue from Contract with Customers**		
	Revenue from sale of goods	173,546,998	124,741,740

Notes:

i. The above revenue is recognised at a point in time.
ii. Revenue comes from the below mentioned categories of sale.

Category-wise	31.03.2020	31.03.2019
Sale of Truck / Bus Bias	12,694,585	5,288,245
Sale of Truck / Bus Radial	95,004,230	58,737,258
Sale of Light Truck Bias	8,926,063	10,774,601
Sale of Light Truck Radial	12,223,543	4,906,820
Sale of Passenger Car Radial	36,913,929	38,855,064
Sale of Off Highway & Farm Tyres	7,784,648	6,179,752
	173,546,998	**124,741,740**

iii. Revenue comes from the sale to the customers in below countries.

Country	31.03.2020	31.03.2019
Ethiopia	11,190,025	20,849,135
Iraq	17,687,019	17,443,930
Kenya	5,214,090	8,522,823
Kuwait	6,635,774	7,344,286
Oman	3,077,654	4,695,102
Sudan	19,015,499	12,220,937
Turkey	1,809,234	4,134,166
UAE	48,924,680	16,712,658
Morocco	3,617,689	4,157,545
Guinea	1,919,630	2,356,393
Saudi Arabia	24,968,710	1,635,594
Other countries of Africa Region	15,555,478	7,692,962
Others	13,931,516	16,976,209
Total	**173,546,998**	**124,741,740**

7	**Other Operating Income**		
	Commission income	840,780	3,123,860
	(Loss) / profit on sale of assets	0	(672)
	Miscellaneous income	47,303	0
		888,083	3,123,188

Note: Commission is received on direct sales made by Apollo Tyres Ltd., India. on behalf of the Establishment. The same has been net off against relevant expenses of trade incentives.

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8 Distribution cost	31.03.2020	31.03.2019
Royalty	4,066,811	2,940,197
Advertising and publicity	2,055,911	1,670,537
Other distribution costs	34,893	91,234
	6,157,615	4,701,968

9 Other Administrative Expenses

Rent expense	222,772	673,918
Payroll and related expenses	6,328,617	4,763,593
Depreciation on property, plant and equipment	255,468	271,711
Depreciation on right-of-use assets	281,844	0
Legal & professional charges	590,234	874,757
Other expenses	3,104,422	1,947,431
	10,783,357	8,531,410

10 Property, Plant and Equipment

	Furniture and Fixtures	Office Equipment	Vehicles	Total
Rate of Depreciation	20%	33.33%	33.33%	
Cost				
As at April 1, 2018	617,313	70,998	603,207	1,291,518
Additions for year	551,556	17,837	165,375	734,768
Disposal during the year	(491,474)	0	(172,458)	(663,932)
As at March 31, 2019	677,395	88,835	596,124	1,362,354
Additions for year	0	12,775	83,349	96,124
Disposal during the year	0	0	(205,623)	(205,623)
As at March 31, 2020	677,395	101,610	473,850	1,252,855
Depreciation				
As at April 1, 2018	568,013	60,341	404,469	1,032,823
For the year	80,037	10,629	181,045	271,711
On Disposal	(488,601)	0	(172,458)	(661,059)
As at March 31, 2019	159,449	70,970	413,056	643,475
For the year	130,307	8,388	116,773	255,468
On Disposal	0	0	(205,623)	(205,623)
As at March 31, 2020	289,756	79,358	324,206	693,320
Net Value				
As at March 31, 2020	**387,639**	**22,252**	**149,644**	**559,535**
As at March 31, 2019	517,946	17,865	183,068	718,879

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		31.03.2020	31.03.2019
11	**Leases**		
11.1	**Right-of-Use Assets**		
	Real estate	1,197,862	0
11.2	**Lease Liabilities**		
	Short term lease liabilities	268,096	0
	Long term lease liabilities	879,078	0
		1,147,174	0

11.3 Addition to the right-of-use assets during the year were AED 1,197,862.

11.4 The statement of profit or loss shows the following amounts relating to leases:

	31.03.2020	31.03.2019
Depreciation charge of right-of-use assets (included in other administrative expenses)	281,844	0
Interest expense (included in finance cost)	53,235	0
Expense relating to short-term leases (included in other administrative expenses)	222,772	0

11.5 The total cash outflow for leases for the year ended March 31, 2020 was AED 309,283.

12 Financial Assets at Amortised Cost

Long term financial assets at amortised cost

	31.03.2020	31.03.2019
Margin deposits	407,415	468,784

Short term financial assets at amortised cost

	31.03.2020	31.03.2019
Other receivables (note 12.1)	4,000	4,000
Due from related party	3,468,201	2,850,178
Staff advances	116,396	233,922
Other current assets	16,246	4,429
	3,604,843	3,092,529

12.1 These amounts generally arise from transactions outside the usual operating activities of the Establishment. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

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	31.03.2020	31.03.2019
13 Inventories		
Tyres	0	458,856
Tubes	0	114,424
Flaps	0	69,780
Allowance for slow moving and obsolete inventories	0	(420,417)
	0	222,643

13.1 Inventories were lying with third party logistic companies.

13.2 Tubes and flaps are integral part of the tyres and are sold together with tyres.

13.3 Inventories recognised as an expense during the year ended March 31, 2020 amounted to AED 154,495,095 (Previous year: AED 112,203,048). These were included in the cost of revenue.

13.4 Write-downs of inventories to net realisable value amounted to AED 0 (Previous Year: AED 370,000.)

13.5 The Establishment reversed AED 420,417 of a previous inventory write-down as the Establishment sold the relevant goods that had been written down at original cost. The amount reversed has been included in 'cost of revenue' in the statement of profit or loss.

13.6 Details of Allowance for slow moving and obsolete inventories:

Opening balance as at beginning of the year	420,417	50,417
Additions for the year	0	370,000
Reversal during the year	(420,417)	0
Closing Balance as at ending of the year	0	420,417

14 Trade Receivables

Trade receivables	18,847,706	20,508,618
Less allowance (also refer note 14.1, note 5.8 and note 24.1)	(1,671,893)	(1,041,998)
	17,175,813	19,466,620

14.1 The closing loss allowances for trade receivables as at March 31, 2020 reconcile to the opening loss allowances as follows:

Balance as at beginning of the year	1,041,998	1,041,998
Increased on loss allowance recognised in profit or loss during the year	629,895	0
Balance as at end of the year	1,671,893	1,041,998

Notes to the Financial Statements

14.2 Ageing analysis of trade receivables:

	31.03.2020	31.03.2019
0- 30 days	7,566,142	8,913,910
31 to 60 days	7,307,465	6,024,478
More than 60 days	3,974,099	5,570,230
	18,847,706	20,508,618

14.3 The average credit period on sale of goods is 60 days. (No interest is charged on the past due trade receivables.)

15 Cash and Bank Balances

Cash in hand	228	417
Balance with bank in current account	15,723,789	5,474,063
	15,724,017	5,474,480

16 Other Assets

Prepayments	24,862	265,781
Advance to suppliers	118,360	0
VAT receivable	51,039	100,310
	194,261	366,091

17 Retained Earnings

Balance as at beginning of the year	6,623,209	4,569,707
Net profit for the year	1,885,394	2,053,502
Balance as at end of the year	8,508,603	6,623,209

18 Financial Liabilities at Amortised Cost

Accruals	5,146,127	4,335,247
Due to related party	9,688,958	10,397,789
	14,835,085	14,733,036

19 Other Liabilities

Advance received from customers	9,041,252	3,504,752
Contract liabilities	2,753,190	2,587,179
	11,794,442	6,091,931

20 Cash and Cash Equivalents

Cash in hand	228	417
Balance with bank in current account	15,723,789	5,474,063
	15,724,017	5,474,480

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21 Related Party and Transactions with Related Parties

For the purpose of these financial statements, parties are considered to be related to the Establishment, if the party has the ability, directly or indirectly, to control the party or exercise the significant influence over the party in making financial or operating decisions, or vice versa, or where the Establishment and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

21.1 Related Party Transactions

During the year, the following the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

21.2 Related Party Balances

A. Related Party Transactions During the Year

i. Apollo Tyres Ltd, India	31.03.2020	31.03.2019
Purchases	152,710,211	110,251,152
Commission income	840,780	3,123,860
Distribution cost (Royalty)	900,994	839,830
Other administrative expense (IT Cross charge)	126,435	115,194
ii. Apollo Tyres AG, Switzerland		
Distribution cost (Royalty)	3,114,797	2,048,939
iii. Apollo Vredestein B.V, Netherland		
Purchases	1,629,895	1,504,733
Distribution cost (Royalty)	51,020	51,429
iv. Apollo Tyres (U.K.) Pvt. Ltd., U.K.		
Legal & professional charges (International business strategy cross charge)	581,762	834,372
v. Apollo Tyres Holdings (Singapore) Pte Ltd., Singapore		
Purchases	371,838	0

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Significant related party balances are as follows:

B. Related Party Balances as at March 31, 2020

	31.03.2020	31.03.2019
i. Apollo Tyres Ltd, India		
Due from related parties	3,449,678	2,850,178
Due to related parties	8,558,524	9,486,075
ii. Apollo Tyres AG, Switzerland		
Due to related parties	651,114	624,980
iii. Apollo Vredestein B.V, Netherland		
Due from related parties	18,524	0
Due to related parties	0	57,411
iv. Apollo Tyres (U.K.) Pvt. Ltd., U.K.		
Due to related parties	322,481	200,573
v. Apollo Tyres Thailand		
Due to related parties	66,330	28,750
vi. Apollo Tyres Holdings (Singapore) Pte Ltd., Singapore		
Due to related parties	90,509	0

22 Financial Instruments

Financial instruments means financial assets and financial liabilities. The Establishment holds following financial instruments:

Financial assets

Financial assets as at amortized cost		
- Cash in hand	228	417
- Balance with bank in current account	15,723,789	5,474,063
- Trade receivables	17,175,813	19,466,620
- Other financial assets at amortized cost	4,012,258	3,561,313
	36,912,088	28,502,413

Financial liabilities

Financial liabilities recognized as at amortized cost		
- Employee end of service benefits	578,442	361,850
- Financial liabilities at amortised cost	14,835,085	14,733,036
- Lease liabilities	1,147,174	0
	16,560,701	15,094,886

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23.1 Fair Values of Financial Instruments

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

The Establishment uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique :

Level 1 : The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Establishment is the current bid price. These instruments are included in level 1.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no transfers between different categories for recurring fair value measurements during the year.

23.2 Valuation Techniques Used to Determine Fair Values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- for other financial instruments – discounted cash flow analysis.

24 Financial Risk Management

The Establishment has exposure to the following risks from its use of financial instruments.

Credit Risk
Liquidity Risk
Market Risk

This note presents information about the Establishment's exposure to each of the above risks, the Establishment's objectives, policies and processes for measuring and managing risk, and the Establishment's management of capital.

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24.1 Credit Risk

Credit risk is the risk of financial loss to the Establishment if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL) and deposits with banks and financial institutions, as well as credit exposures customers.

a. Trade Receivables

The Establishment's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the demographics of the customer base including the default risk of the industry and country in which customer operates. Credit policy and benchmark creditworthiness established by the management is reviewed at frequent intervals.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets.

The Establishment establishes an allowance for impairment at each reporting date that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Establishment of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

b. As at March 31, 2020, top 5 party balance represents 79.67% of the total value of trade receivables outstanding. (As at March 31, 2019 : 73.05%).

c. Country wise break-up of the trade debtors are as under

Name of Country	31.03.2020	31.03.2019
U.A.E	22.48%	44.35%
Turkey	0.58%	0.70%
Ethopia	24.94%	18.69%
Kenya	3.83%	3.58%
Sudan	20.93%	1.54%
Ivory Coast	0.04%	1.56%
Iraq	5.11%	10.38%
Yemen	0.00%	3.89%
Morocco	7.02%	8.27%
Others	15.07%	7.04%
	100.00%	100.00%

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d. Other Financial Assets and Cash and Cash Equivalents

With respect to credit risk arising from the other financial assets of the Establishment, which comprise bank balances and cash, other receivables and deposits, the Establishment's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets. These are considered to have low credit risk. No loss allowance is necessary considering 12 month expected loss.

Credit risk from balances with banks and financial institutions is low since the bank current accounts and bank margins are placed with high credit quality financial institutions and considering the profile of them, the management does not expect any counterparty to fail in meeting its obligations.

24.2 Liquidity Risk

Liquidity risk is the risk that the Establishment will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Establishment's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Establishment's reputation.

Typically, the Establishment ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Establishment has a commitment from its parent of a continuous support in terms of cash flow management.

The table below summarises the maturity profile of the Establishment's financial liabilities based on contractual maturity dates:

Year Ended: March 31, 2020	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Employee end of service benefits	578,442	0	578,442
- Financial liabilities at amortised cost	14,835,085	14,835,085	0
- Lease liabilities	1,147,174	268,096	879,078
Derivative financial liabilities	0	0	0
Total financial liabilities	**16,560,701**	**15,103,181**	**1,457,520**

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Year Ended: March 31, 2019	Contractual Cash Flows	12 Months or Less	Above 12 Months
Non-derivative financial liabilities			
- Employee end of service benefits	361,850	0	361,850
- Financial liabilities at amortised cost	14,733,036	14,733,036	0
- Lease liabilities	0	0	0
Derivative financial liabilities	0	0	0
Total financial liabilities	15,094,886	14,733,036	361,850

At present, the Establishment expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Establishment expects the operating activity to generate sufficient cash inflows. In addition, the Establishment holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

24.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Establishment's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Establishment's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Establishment's financial performance.

a. Exposure to Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

There is no interest rate risk as the Establishment does not have any interest bearing borrowings and deposits.

b. Exposure to Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Establishment's significant monetary assets and liabilities denominated in foreign currencies are in USD. As the 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:

Notes to the Financial Statements

	31.03.2020 (In AED.)	31.03.2019 (In AED.)
Trade and other receivable (In Euro)	0	0
Due to related parties (In Euro)	0	57,411
Due from related parties (In Euro)	18,524	0
Due to related parties (In GBP)	322,481	200,573

24.4 Capital Management

Capital includes equity attributable to the shareholder of the Establishment. The Establishment's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Establishment's capital management strategy is to ensure that it maintains a healthy capital gearing ratio in order to support its business and maximise shareholder value.

25 Contingent Liabilities

	31.03.2020	31.03.2019
Labour guarantee	320,449	300,586
	320,449	300,586

26 Significant Events Occurring After the Date of Statement of Financial Position

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

27 Comparative Figures

Previous year's figures are regrouped and reclassified wherever necessary so as to conform to the current year's presentation.

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