

**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, 2022**

<b>CONTENTS</b>	<b>PAGE</b>
Board of Directors' Report to the Shareholder	1
Independent Auditor's Report to the Shareholder	2 to 4
<u>Components of Financial Statements</u>	
- Statement of Profit or Loss and Other Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
Notes to the Financial Statements	9 to 28

## APOLLO TYRES (Middle East)FZE

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أبولو تايرز (ميدل إيست) م.م.ح

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مكتب رقم 1907، برج أ  
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### Board of Directors' Report To The Shareholder

The board of directors submit their report and audited financial statements for the year ended March 31, 2022.

### Results

The Establishment has incurred net loss of AED 6,624,282 during the year ended March 31, 2022 as compared to net profit of AED 8,578,503 during the previous year ended March 31, 2021.

### 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 99.06% to AED 285 million as compared to AED 143 million in the previous year ended March 31, 2021.

Gross profit margin for the current year is 3.84% as compared to 15.16% in the previous year ended March 31, 2021.

### 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

 Mohammed Louban

Director

Date : April 28, 2022



ذات مسؤولية محدودة تأسست بموجب القانون رقم 9 لسنة 1992  
FORMED PURSUANT TO LAW NO.9 OF 1992 WITH LIMITED LIABILITY

**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, 2022, 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, 2022, 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...)*





## ***Independent Auditor's Report on Apollo Tyres (Middle East) FZE (Continued...)***

### **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...)***



***Independent Auditor's Report on Apollo Tyres (Middle East) FZE (Continued...)***

**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 directors 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, 2022 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, 2022.

*N. R. Doshi*

Public Accountants

Dubai, United Arab Emirates

Date : April 28, 2022



**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, 2022

Notes

31.03.2022

31.03.2021

All figures are expressed in U.A.E. Dirhams

**Continuing operations**

Revenue from contract with customers	6	285,373,974	143,360,565
Cost of revenue		<u>(274,420,570)</u>	<u>(121,622,843)</u>
<b>Gross profit</b>		10,953,404	21,737,722
Other income	7	629,895	63,905
Distribution cost	8	(7,175,234)	(4,374,333)
Other administrative expenses	9	<u>(11,003,231)</u>	<u>(8,807,481)</u>
<b>Operating (Loss) / Profit</b>		(6,595,166)	8,619,813
Finance cost		<u>(29,116)</u>	<u>(41,310)</u>
<b>(Loss) / Profit from continuing operations</b>		<u>(6,624,282)</u>	<u>8,578,503</u>

**Discontinued operations**

Profit for the year from discontinued operations		0	0
<b>(Loss) / Profit for the year</b>		<u>(6,624,282)</u>	<u>8,578,503</u>

**Attributable to :**

Shareholder of the Establishment		(6,624,282)	8,578,503
Non-controlling interest		0	0
<b>(Loss) / Profit for the year</b>		<u>(6,624,282)</u>	<u>8,578,503</u>


**Other comprehensive income**

Items that will not be reclassified subsequent to profit or loss		0	0
Items that may be reclassified subsequent to profit or loss		0	0
<b>Other comprehensive income for the year</b>		<u>0</u>	<u>0</u>
<b>Total Comprehensive income for the year</b>		<u>(6,624,282)</u>	<u>8,578,503</u>

**Total comprehensive income for the year attributable to:**

Shareholder of the Establishment		(6,624,282)	8,578,503
Non-controlling interest		0	0
<b>Total comprehensive income for the year</b>		<u>(6,624,282)</u>	<u>8,578,503</u>

These financial statements on pages 5 to 28 were authorised for issue on April 28, 2022 by the Board of director and signed on behalf of the board by:



Director

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





## APOLLO TYRES (MIDDLE EAST) FZE

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

### Statement of Financial Position

As at March 31, 2022	Notes	31.03.2022	31.03.2021
All figures are expressed in U.A.E. Dirhams			
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	10	213,267	347,873
Right-of-use assets	11.1	634,160	916,008
Financial assets at amortised cost	12	399,820	407,415
<b>Total non-current assets</b>		<b>1,247,247</b>	<b>1,671,296</b>
<b>Current Assets</b>			
Inventories	13	0	0
Trade receivables	14	40,622,693	30,135,300
Cash and bank balances	15	13,273,258	17,406,102
Financial assets at amortised cost	12	15,997,754	16,708,432
Other assets	16	182,062	371,122
<b>Total current assets</b>		<b>70,075,767</b>	<b>64,620,956</b>
<b>Total assets</b>		<b>71,323,014</b>	<b>66,292,252</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Lease liabilities	11.2	306,264	599,038
Employee end of service benefits		838,698	794,328
<b>Total non-current liabilities</b>		<b>1,144,962</b>	<b>1,393,366</b>
<b>Current Liabilities</b>			
Financial liabilities at amortised cost	17	41,192,481	30,162,686
Lease liabilities	11.2	292,774	280,166
Other liabilities	18	16,229,973	15,368,928
<b>Total current liabilities</b>		<b>57,715,228</b>	<b>45,811,780</b>
<b>Total liabilities</b>		<b>58,860,190</b>	<b>47,205,146</b>
<b>Net Assets</b>		<b>12,462,824</b>	<b>19,087,106</b>
<b>EQUITY</b>			
Share capital	1.1	2,000,000	2,000,000
Retained earnings	19	10,462,824	17,087,106
<b>Total equity</b>		<b>12,462,824</b>	<b>19,087,106</b>

These financial statements on pages 5 to 28 were authorised for issue on April 28, 2022 by the Board of director and signed on behalf of the board by:



Director

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





## APOLLO TYRES (MIDDLE EAST) FZE

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

### Statement of Changes in Equity

For the Year Ended March 31, 2022

All figures are expressed in U.A.E. Dirhams

	Share Capital	Retained Earnings	Total
<b>Balance as at April 1, 2020</b>	<b>2,000,000</b>	<b>8,508,603</b>	<b>10,508,603</b>
Profit for the year	0	8,578,503	8,578,503
Other comprehensive income	0	0	0
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>8,578,503</b>	<b>8,578,503</b>
<b>Transaction with shareholder recorded directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at March 31, 2021</b>	<b>2,000,000</b>	<b>17,087,106</b>	<b>19,087,106</b>
Loss for the year	0	(6,624,282)	(6,624,282)
Other comprehensive income	0	0	0
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>(6,624,282)</b>	<b>(6,624,282)</b>
<b>Transaction with shareholder recorded directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at March 31, 2022</b>	<b>2,000,000</b>	<b>10,462,824</b>	<b>12,462,824</b>

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



**APOLLO TYRES (MIDDLE EAST) FZE**  
**P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates**

**Statement of Cash Flows**

<b>For the Year Ended March 31, 2022</b>	<b>Notes</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
All figures are expressed in U.A.E. Dirhams			
<b>I. Cash flow from operating activities</b>			
Net (loss) / profit for the year		(6,624,282)	8,578,503
<b>Adjustments for:</b>			
Depreciation		440,434	497,514
Finance cost		29,116	41,310
Provision for employee end of service benefits		231,781	255,039
<b>Cash (used in) / from operations before working capital changes</b>		<u>(5,922,951)</u>	<u>9,372,366</u>
Changes in trade receivables		(10,487,394)	(12,959,487)
Changes in financial assets at amortised cost		718,273	(13,103,589)
Changes in other assets		189,060	(176,861)
Change in financial liabilities at amortised cost		11,029,795	15,327,601
Change in other liabilities		861,045	3,574,486
Payment for employee end of service benefits		(187,411)	(39,154)
<b>Net cash flow (used in) / generated from operating activities</b>		<u>(3,799,583)</u>	<u>1,995,363</u>
<b>II. Cash flow from investing activities</b>			
Purchase of property, plant and equipment		<u>(23,979)</u>	<u>(3,998)</u>
<b>Net cash used in investing activities</b>		<u>(23,979)</u>	<u>(3,998)</u>
<b>III. Cash flow from financing activities</b>			
Payment of lease liabilities		<u>(309,282)</u>	<u>(309,279)</u>
<b>Net cash used in financing activities</b>		<u>(309,282)</u>	<u>(309,279)</u>
<b>(Decrease) / Increase in cash and cash equivalents</b>	<b>( I + II + III )</b>	<b>(4,132,844)</b>	<b>1,682,085</b>
Cash and cash equivalents as at beginning of the year	(Note 5.10, 20)	17,406,102	15,724,017
<b>Cash and cash equivalents as at end of the year</b>	(Note 5.10, 20)	<u><u>13,273,258</u></u>	<u><u>17,406,102</u></u>
Non-cash financing and investing activities		<u><u>Nil</u></u>	<u><u>Nil</u></u>

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



**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**Notes to the Financial Statements**

**For the Year Ended March 31, 2022**

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. Rohit Arora, Mrs. Seema Thapar and Ms. Nina Angela Sooranna-Auchoybur and Manager Mr. Pankaj Goyal.

**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.





**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**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.





**APOLLO TYRES (MIDDLE EAST) FZE**  
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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.



**APOLLO TYRES (MIDDLE EAST) FZE**  
**P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates**

**Notes to the Financial Statements**

**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, 2021. 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
Amendments to IFRS 16	COVID-19 Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform

**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, 2022 reporting period and have not been early adopted by the Establishment.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
Amendments to IFRS 3	January 1, 2022	Reference to the Conceptual Framework
Amendments to IAS 16	January 1, 2022	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	January 1, 2022	Onerous Contracts - Cost of Fulfilling a Contract
IFRS 17	January 1, 2023	Insurance Contracts
Amendments to IAS 1	January 1, 2023	Classification of Liabilities as current or Non-current
Amendments to IAS 1	January 1, 2023	Disclosure of Accounting Policies
Amendments to IAS 8	January 1, 2023	Definition of Accounting Estimates
Amendments to IAS 12	January 1, 2023	Deferred tax related to assets and liabilities arising from single transaction.
Amendments to IFRS 10 and IAS 28	To Be Decided	Sale or Contribution of Assets between an Investors and its Associate or Joint Venture

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





**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**Notes to the Financial Statements**

**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.

**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.



**APOLLO TYRES (MIDDLE EAST) FZE**  
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**Notes to the Financial Statements**

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**

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. At initial recognition, the Establishment measures a financial assets at amortised cost at its fair value. 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.

Financial asset at amortised cost 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.

**5.4 Financial Liabilities**

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 financial liabilities at amortised cost, employee end of service benefits and lease liabilities.

Financial liabilities 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.

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.





**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**Notes to the Financial Statements**

**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.

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.

**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.



**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**Notes to the Financial Statements**

**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.

**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.



**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**Notes to the Financial Statements**

**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.)

<b>6 Revenue from Contract with Customers</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Revenue from sale of goods	<u>285,373,974</u>	<u>143,360,565</u>

**Notes:**

- i. The above revenue is recognised at a point in time.



## APOLLO TYRES (MIDDLE EAST) FZE

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

### Notes to the Financial Statements

ii. Revenue comes from the below mentioned categories of sale.

Category-wise	31.03.2022	31.03.2021
Sale of Truck / Bus Bias	8,694,846	4,315,383
Sale of Truck / Bus Radial	156,633,622	81,611,743
Sale of Light Truck Bias	10,049,063	6,252,085
Sale of Light Truck Radial	17,814,990	9,882,991
Sale of Passenger Car Radial	78,565,641	34,030,080
Sale of Off Highway & Farm Tyres	12,453,439	7,158,293
Sale of Two Wheeler Tyres	1,213,230	109,990
	<b>285,424,831</b>	<b>143,360,565</b>

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

Country	31.03.2022	31.03.2021
Egypt	20,400,001	2,777,702
Ethiopia	12,568,923	14,803,495
Iraq	22,228,426	7,320,587
Kenya	4,151,910	3,526,608
Kuwait	3,479,016	1,942,501
Oman	4,107,787	4,856,884
Sudan	21,775,054	11,760,946
Turkey	30,631,490	6,223,256
UAE	74,846,688	47,197,716
Morocco	2,590,227	1,974,274
Guinea	652,412	938,214
Saudi Arabia	32,697,844	12,429,230
Other countries of Africa Region	28,848,546	17,747,183
Others	26,446,507	9,861,969
<b>Total</b>	<b>285,424,831</b>	<b>143,360,565</b>

7 Other Operating Income	31.03.2022	31.03.2021
Commission income	0	63,905
Doubtful debts recovered	629,895	0
	<u>629,895</u>	<u>63,905</u>

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

8 Distribution cost		
Royalty	6,439,218	3,272,977
Advertising and publicity	279,260	808,228
Other distribution costs	456,756	293,128
	<u>7,175,234</u>	<u>4,374,333</u>





## APOLLO TYRES (MIDDLE EAST) FZE

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

### Notes to the Financial Statements

9 Other Administrative Expenses	31.03.2022	31.03.2021
Rent expense	32,500	40,000
Payroll and related expenses	7,255,459	6,060,534
Depreciation on property, plant and equipment	158,585	215,660
Depreciation on right-of-use assets	281,849	281,854
Legal & professional charges	910,237	669,654
Other expenses	2,364,601	1,539,779
	<u>11,003,231</u>	<u>8,807,481</u>

### 10 Property, Plant and Equipment

	Furniture and Fixtures	Office Equipment	Vehicles	Total
Rate of Depreciation	20%	33.33%	33.33%	
<b>Cost</b>				
As at April 1, 2020	677,395	101,610	473,850	1,252,855
Additions for the year	0	3,998	0	3,998
Disposal during the year	0	(569)	(225,126)	(225,695)
As at March 31, 2021	677,395	105,039	248,724	1,031,158
Additions for the year	0	23,979	0	23,979
Disposal during the year	0	0	(165,375)	(165,375)
As at March 31, 2022	677,395	129,018	83,349	889,762
<b>Depreciation</b>				
As at April 1, 2020	289,756	79,358	324,206	693,320
For the year	115,382	10,755	89,523	215,660
On Disposal	0	(569)	(225,126)	(225,695)
As at March 31, 2021	405,138	89,544	188,603	683,285
For the year	109,680	11,934	36,971	158,585
On Disposal	0	0	(165,375)	(165,375)
As at March 31, 2022	514,818	101,478	60,199	676,495
<b>Net Value</b>				
As at March 31, 2022	<u>162,577</u>	<u>27,540</u>	<u>23,150</u>	<u>213,267</u>
As at March 31, 2021	<u>272,257</u>	<u>15,495</u>	<u>60,121</u>	<u>347,873</u>

### 11 Leases

#### 11.1 Right-of-Use Assets

Real estate	<u>634,160</u>	<u>916,008</u>
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**APOLLO TYRES (MIDDLE EAST) FZE**  
**P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates**

**Notes to the Financial Statements**

<b>11.2 Lease Liabilities</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Short term lease liabilities	292,774	280,166
Long term lease liabilities	306,264	599,038
	<u>599,038</u>	<u>879,204</u>
<b>11.3</b> Addition to the right-of-use assets during the year were NIL.		
<b>11.4</b> The statement of profit or loss shows the following amounts relating to leases:		
Depreciation charge of right-of-use assets (included in other administrative expenses)	281,849	281,854
Interest expense (included in finance cost)	29,116	41,310
Expense relating to short-term leases (included in other administrative expenses)	32,500	40,000
	<u>                    </u>	<u>                    </u>
<b>11.5</b> The total cash outflow for leases for the year ended March 31, 2022 was AED 280,166.		
<b>12 Financial Assets at Amortised Cost</b>		
<u>Long term financial assets at amortised cost</u>		
Margin deposits	<u>399,820</u>	<u>407,415</u>
<u>Short term financial assets at amortised cost</u>		
Other receivables (note 12.1)	4,000	4,000
Advances given to related party	14,700,000	14,720,000
Due from related party	796,990	1,939,569
Staff advances	492,251	32,713
Other current assets	4,513	12,150
	<u>15,997,754</u>	<u>16,708,432</u>
<b>12.1</b> 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.		
<b>13 Inventories</b>		
Tyres	0	0
Tubes	0	0
Flaps	0	0
Allowance for slow moving and obsolete inventories	0	0
	<u>0</u>	<u>0</u>



**APOLLO TYRES (MIDDLE EAST) FZE**  
**P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates**

**Notes to the Financial Statements**

- 13.1** Tubes and flaps are integral part of the tyres and are sold together with tyres.
- 13.2** Inventories recognised as an expense during the year ended March 31, 2022 amounted to AED 274,420,570 (Previous year: AED 121,622,843). These were included in the cost of revenue.
- 13.3** The Establishment reversed AED NIL (previous year: AED NIL) 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.

<b>13.4</b> Details of Allowance for slow moving and obsolete inventories:	<b>31.03.2022</b>	<b>31.03.2021</b>
Opening balance as at beginning of the year	0	0
Additions for the year	0	0
Reversal during the year	0	0
Closing Balance as at ending of the year	<u>0</u>	<u>0</u>

**14 Trade Receivables**

Trade receivables	41,664,691	31,807,193
Less allowance (also refer note 14.1, note 5.8 and note 24.1)	<u>(1,041,998)</u>	<u>(1,671,893)</u>
	<u>40,622,693</u>	<u>30,135,300</u>

- 14.1** The closing loss allowances for trade receivables as at March 31, 2022 reconcile to the opening loss allowances as follows:

Balance as at beginning of the year	1,671,893	1,671,893
Decreased on loss allowance recognised in profit or loss during the year	<u>(629,895)</u>	<u>0</u>
Balance as at end of the year	<u>1,041,998</u>	<u>1,671,893</u>

- 14.2** Ageing analysis of trade receivables:

0- 30 days	24,909,338	19,130,919
31 to 60 days	8,929,016	7,332,852
More than 60 days	<u>7,826,337</u>	<u>5,343,423</u>
	<u>41,664,691</u>	<u>31,807,194</u>

**15 Cash and Bank Balances**

Cash in hand	8	228
Balance with bank in current account	<u>13,273,250</u>	<u>17,405,874</u>
	<u>13,273,258</u>	<u>17,406,102</u>





**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**Notes to the Financial Statements**

<b>16 Other Assets</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Prepayments	170,378	347,750
VAT receivable	11,684	23,372
	<u>182,062</u>	<u>371,122</u>
<b>17 Financial Liabilities at Amortised Cost</b>		
Accruals	7,232,423	6,066,682
Due to related parties	33,960,058	24,096,004
	<u>41,192,481</u>	<u>30,162,686</u>
<b>18 Other Liabilities</b>		
Advance received from customers	12,076,641	13,004,900
Contract liabilities	4,153,332	2,364,028
	<u>16,229,973</u>	<u>15,368,928</u>
<b>19 Retained Earnings</b>		
Balance as at beginning of the year	17,087,106	8,508,603
Net (loss) / profit for the year	(6,624,282)	8,578,503
Balance as at end of the year	<u>10,462,824</u>	<u>17,087,106</u>
<b>20 Cash and Cash Equivalents</b>		
Cash in hand	8	228
Balance with bank in current account	13,273,250	17,405,874
	<u>13,273,258</u>	<u>17,406,102</u>

**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 Establishment or exercise the significant influence over the Establishment 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.



**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**Notes to the Financial Statements**

**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**

	<b>31.03.2022</b>	<b>31.03.2021</b>
<b>i. Apollo Tyres Ltd, India</b>		
Purchases	272,096,931	117,490,049
Commission income	0	166,041
Distribution cost (Royalty)	1,109,425	583,238
Other administrative expense (IT Cross charge)	98,288	122,838
	<u>4,758,097</u>	<u>2,591,890</u>
<b>ii. Apollo Tyres AG, Switzerland</b>		
Distribution cost (Royalty)	<u>4,758,097</u>	<u>2,591,890</u>
<b>iii. Apollo Vredestein B.V, Netherland</b>		
Purchases	1,648,982	3,356,586
Distribution cost (Royalty)	571,695	97,849
	<u>1,648,982</u>	<u>3,356,586</u>
<b>iv. Apollo Tyres (U.K.) Pvt. Ltd., U.K.</b>		
Legal & professional charges (International business strategy cross charge)	<u>872,972</u>	<u>640,653</u>
<b>v. Apollo Tyres Holdings (Singapore) Pte Ltd., Singapore</b>		
Purchases	<u>674,657</u>	<u>776,207</u>

**B. Related Party Balances as at March 31, 2022**

<b>i. Apollo Tyres Ltd, India</b>		
Due from related parties	796,990	1,939,569
Advances given to related party	14,700,000	14,720,000
Due to related parties	32,135,386	21,855,231
	<u>14,797,376</u>	<u>37,414,800</u>
<b>ii. Apollo Tyres AG, Switzerland</b>		
Due to related parties	<u>1,383,392</u>	<u>909,260</u>
<b>iii. Apollo Vredestein B.V, Netherland</b>		
Due to related parties	<u>220,308</u>	<u>974,028</u>



**APOLLO TYRES (MIDDLE EAST) FZE**  
**P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates**

**Notes to the Financial Statements**

	<b>31.03.2022</b>	<b>31.03.2021</b>
<b>iv. Apollo Tyres (U.K.) Pvt. Ltd., U.K.</b>		
Due to related parties	140,650	179,256
<b>v. Apollo Tyres Thailand</b>		
Due to related parties	80,322	72,430
<b>vi. Apollo Tyres Holdings (Singapore) Pte Ltd., Singapore</b>		
Due to related parties	0	105,799

**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	8	228
- Balance with bank in current account	13,273,250	17,405,874
- Trade receivables	40,622,693	30,135,300
- Other financial assets at amortized cost	16,397,574	17,115,847
	<u>70,293,525</u>	<u>64,657,249</u>

**Financial liabilities**

**Financial liabilities recognized as at amortized cost**

- Employee end of service benefits	838,698	794,328
- Financial liabilities at amortised cost	41,192,481	30,162,686
- Lease liabilities	599,038	879,204
	<u>42,630,217</u>	<u>31,836,218</u>

**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.





**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**Notes to the Financial Statements**

**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.

**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.



**APOLLO TYRES (MIDDLE EAST) FZE**  
**P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates**

**Notes to the Financial Statements**

b. As at March 31, 2022, top 5 party balance represents 60.81% of the total value of trade receivables outstanding. (As at March 31, 2021 : 69.42%).

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

<b>Name of Country</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
U.A.E	38.14%	25.87%
Turkey	3.84%	4.25%
Ethiopia	3.65%	8.43%
Kenya	1.90%	3.06%
Sudan	2.44%	11.57%
Ivory Coast	2.07%	0.00%
Iraq	5.94%	1.13%
Saudi Arabia	27.55%	26.28%
Morocco	0.60%	2.40%
Others	13.87%	17.01%
	<b>100.00%</b>	<b>100.00%</b>

**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:





**APOLLO TYRES (MIDDLE EAST) FZE**  
P.O. Box 263391, Jebel Ali Free Zone, Dubai, United Arab Emirates

**Notes to the Financial Statements**

<b>Year Ended: March 31, 2022</b>	<b>Contractual Cash Flows</b>	<b>12 Months or Less</b>	<b>Above 12 Months</b>
<b>Non-derivative financial liabilities</b>			
- Employee end of service benefits	838,698	0	838,698
- Financial liabilities at amortised cost	41,192,481	41,192,481	0
- Lease liabilities	599,038	292,774	306,264
<b>Derivative financial liabilities</b>	0	0	0
<b>Total financial liabilities</b>	<b>42,630,217</b>	<b>41,485,255</b>	<b>1,144,962</b>
<b>Year Ended: March 31, 2021</b>	<b>Contractual Cash Flows</b>	<b>12 Months or Less</b>	<b>Above 12 Months</b>
<b>Non-derivative financial liabilities</b>			
- Employee end of service benefits	794,328	0	794,328
- Financial liabilities at amortised cost	30,162,686	30,162,686	0
- Lease liabilities	879,204	280,166	599,038
<b>Derivative financial liabilities</b>	0	0	0
<b>Total financial liabilities</b>	<b>31,836,218</b>	<b>30,442,852</b>	<b>1,393,366</b>

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.





**APOLLO TYRES (MIDDLE EAST) FZE**  
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**Notes to the Financial Statements**

**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.

**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:

	<b>31.03.2022</b> <b>(In AED.)</b>	<b>31.03.2021</b> <b>(In AED.)</b>
Due to related parties (In Euro)	0	926,508
Due to related parties (In TBH)	13,992	0
Due to related parties (In GBP)	140,650	179,256
	<u>140,650</u>	<u>179,256</u>

**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.

<b>25 Contingent Liabilities</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Labour guarantee	38,687	149,410
	<u>38,687</u>	<u>149,410</u>

**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.

