Redington Middle East (L.L.C.)
Dubai - United Arab Emirates

Reports and financial statements
for the year ended 31 March 2024

Redington Middle East (L.L.C)

Table of contents	Page

GENERAL MANAGER'S REPORT

The Manager has pleasure in submitting the report and the audited financial statements for the year ended 31 March 2024.

Incorporation and registered offices

Redington Middle East (L.L.C.) (the "Company"), a limited liability company, was incorporated in Dubai, United Arab Emirates, on 27 March 2000.

The address of the registered Office of the Company is P.U. Box 12816, Dubai, United Arab Emirates.

Principal activities

The principal activity of the Company involves the distribution of information technology products and provides hardware support and maintenance services.

Financial position and results

The financial position and results of the Company for the year ended 31 March 2024 are set out in the accompanying financial statements.

Share capital

Share capital comprises 300 authorised, issued, and fully paid shares of AED 1,000 each, equivalent to AED 300,000.

Auditors

The financial statements for the year ended 31 March 2024 have been audited by Deloitte & Touché (M.E) and, being eligible, offer themselves for re-appointment.

Viswanath Pallasena
Manager
07 June 2024

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INDEPENDENT AUDITOR'S REPORT

The Shareholder
Redington Middle East (L.L.C.)
Dubai
United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Redington Middle East (L.L.C.), Dubai, United Arab Emirates** (the "Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates (U.A.E.), 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.

Other Information

Management is responsible for the other information. The other information comprises the General Manager's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Cont'd…

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the articles of association of the Company and U.A.E. Federal Decree Law No. (32) of 2021, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Redington Middle East (L.L.C.), Dubai (continued)

Report on Other Legal and Regulatory Requirements

As required by the U.A.E. Federal Decree Law No. (32) of 2021, we report for the year ended 31 March 2024 that:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Decree Law No. (32) of 2021;
- The Company has maintained proper books of account;
- The financial information included in the report of the General Manager's Report is consistent with the books of account of the Company;
- The Company has not purchased nor invested in any shares during the year ended 31 March 2024;
- Note 9 to the financial statements of the Company discloses material related party transactions, balances and the terms under which they were conducted; and;
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2024 any of the applicable provisions of the U.A.E. Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 March 2024.

Deloitte & Touche (M.E.)

Cynthia Corby
Registration No.: 995
7 June 2024
Dubai
United Arab Emirates

Statement of financial position
as at 31st March 2024

	Notes	2024 AED	2023 AED
ASSETS			
Non-current assets			
Right-of-use assets	5	**5,985,400**	7,102,478
Property and equipment	6	**2,883,129**	3,639,011
Intangible assets		**-**	2,269
Total non-current assets		**8,868,529**	10,743,758
Current assets			
Inventories	7	**133,873,870**	171,089,233
Due from related parties	9 (a)	**8,851,760**	7,941,240
Trade and other receivables	8	**330,371,772**	350,453,844
Cash and cash equivalents	10	**3,333,319**	10,190,542
Total current assets		**476,430,721**	539,674,859
Total Assets		**485,299,250**	550,418,617
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**300,000**	300,000
Statutory reserve	12	**150,000**	150,000
Re-measurement of retirement benefit obligation		**348,349**	(523,320)
Retained earnings		**88,116,538**	55,614,536
Total Equity		**88,914,887**	55,541,216
Liabilities			
Non-current liabilities			
Provision for employees' end-of-service indemnity	13	**19,118,546**	17,060,781
Lease liabilities	14	**3,164,384**	4,474,138
Total non-current liabilities		**22,282,930**	21,534,919
Current liabilities			
Trade and other payables	15	**37,626,114**	51,728,835
Due to related parties	9 (b)	**333,192,725**	418,391,974
Lease liability	14	**3,282,594**	3,221,673
Total current liabilities		**374,101,433**	473,342,482
Total Liabilities		**396,384,363**	494,877,400
Total Liabilities and Shareholders' Equity		**485,299,250**	550,418,616

Viswanath Pallasena
Manager

The accompanying notes form an integral part of these financial statements

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2024

	Notes	2024 AED	2023 AED
Revenue		**3,309,493,589**	3,081,470,611
Changes in inventories of finished goods		**(3,195,693,374)**	(2,898,608,659)
Employee benefits expense		**(50,471,472)**	(105,353,104)
Depreciation and amortisation expenses	17	**(4,483,439)**	(5,077,930)
Other gain/(loss)	18	**66,051**	(324,307)
Other expenses - net	16	**(25,368,656)**	(43,110,975)
Finance costs		**(1,040,697)**	(777,720)
Profit for the year		**32,502,002**	28,217,916
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss		-	-
Re-measurement of defined benefit obligation		**871,669**	970,484
Other comprehensive income for the year		**871,669**	970,484
Total comprehensive income for the year		**33,373,671**	29,188,400

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity
for the year ended 31 March 2024

	Share capital AED	Statutory Reserve AED	Re-measurement of retirement benefit obligation AED	Retained Earnings AED	Total AED
Balance as at 1 April 2022	300,000	150,000	(1,493,804)	27,396,620	26,352,816
Profit for the year	-	-	-	28,217,916	28,217,916
Re-measurement of retirement benefit obligation (Note 13)	-	-	970,484	-	970,484
Balance As at 31st March 2023	300,000	150,000	(523,320)	55,614,536	55,541,216
Profit for the year	-	-	-	32,502,002	32,502,002
Re-measurement of retirement benefit obligation (Note 13)	-	-	871,669	-	871,669
Balance as at 31 March 2024	**300,000**	**150,000**	**348,349**	**88,116,538**	**88,914,887**

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

Statement of cash flows
for the year ended 31 March 2024

	Notes	2024 AED	2023 AED
Cash flows from operating activities			
Profit for the year		**32,502,002**	28,217,916
Adjustments for:			
Depreciation of property and equipment	6	**1,312,470**	1,468,829
Depreciation of right-of-use assets	5	**3,168,700**	3,599,081
Amortization of intangible assets		**2,269**	10,020
Reversal of allowance/(allowance) for slow-moving and inventories	7	**(8,047,893)**	8,668,396
Expected credit loss	8	**(924,317)**	1,144,966
Provision for employees' end-of service indemnity	13	**3,878,313**	3,281,529
Finance costs		**1,040,697**	777,720
Loss on sale of property and equipment		**4,247**	324,307
Operating cash flows before movements in working capital		**32,936,488**	47,492,764
Decrease/(increase) in inventories		**45,263,256**	(57,898,724)
Decrease/(increase) in trade and other receivables		**21,006,389**	(73,543,794)
Increase/(decrease) in due from related parties		**(730,505)**	2,010,441
Decrease/(increase) in trade and other payables		**(14,102,721)**	10,538,873
Decrease/(increase) in due to related parties		**(85,199,249)**	84,425,003
Cash (used in)/generated from operations		**(826,342)**	13,024,563
Employees' end-of-service indemnity paid	13	**(1,981,933)**	(1,309,755)
Net cash (used in)/ generated from operating activities		**(2,808,275)**	11,714,808
Cash flow from investing activities			
Purchase of property and equipment		**(734,356)**	(1,298,029)
Proceeds from sale of property and equipment		**173,521**	330,130
Net cash used in investing activities		**(560,835)**	(967,899)
Cash flows from financing activities			
Repayment of lease liabilities		**(3,488,113)**	(3,765,256)
Net cash used in financing activities		**(3,488,113)**	(3,765,256)
Net (increase)/decrease in cash and cash equivalents		**(6,857,223)**	6,981,653
Cash and cash equivalents at the beginning of the year		**10,190,542**	3,208,889
Cash and cash equivalents at the end of the year	10	**3,333,319**	10,190,542
Non-cash transactions:			
Employees' end-of-service indemnity transferred from a related party		**180,015**	33,480

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

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

1. Status and operations

Redington Middle East (L.L.C.) (the "Company") is a limited liability company registered on 27 March 2000 in Dubai, United Arab Emirates (U.A.E.). The shareholder of the Company is Redington Gulf FZE (the "Parent Company"), a company incorporated in Jebel Ali Free Zone, holding 100% of the share capital. The Ultimate Parent and controlling party is Redington Limited, India (formerly Redington (India) Limited, India).

The principal activities of the Company are distribution of information technology products and providing hardware support and maintenance services. The Company's registered Office address is P.O. Box 12816, Dubai, U.A.E.

2. Application of new and revised international financial reporting standards (IFRSs)

2.1 New and amended IFRSs that are effective for the current year

In the current period, the Company has applied a number of amendments to IFRS Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2023.

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS Accounting Standards	***Summary***
IFRS 17 *Insurance Contracts*	IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.
Amendments to IFRS 17 *Insurance Contracts*	Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

Notes to the financial statements
for the year ended 31 March 2024 (continued)

2.1 New and amended IFRSs that are effective for the current year (continued)

New and revised IFRS Accounting Standards	***Summary***
Amendment to IFRS 17 Insurance Contracts Initial Application of IFRS 17 and IFRS 9 - Comparative Information	The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.
Amendments to IFRS 4 *Insurance Contracts* Extension of the Temporary Exemption from Applying IFRS 9	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2	The amendments require that an entity discloses its material accounting policies, instead of its Significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
Amendments to IAS 12 Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Amendments to IAS 12 Income Taxes relating to International Tax Reform - Pillar Two Model Rules	The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Other than the above, there are no other significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2023.

2.2 New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

New and revised IFRS Accounting Standards	***Effective for annual periods beginning on or after***
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024
IFRS S2 Climate-related Disclosures IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies	1 January 2024
Amendments to IFRS 16 Leases relating to Lease Liability in a Sale and Leaseback The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements relating to Non-current Liabilities with Covenants The amendment clarifies how conditions with which an entity must comply within twelve months	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	1 January 2024
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	1 January 2025
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28	Effective date deferred

The management anticipates that these new standards, interpretations and amendments will be adopted in the Company’s financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the company in the period of initial application.

3. Material Accounting Policy Information

Statement of compliance

The financial statements are prepared in accordance with IFRS

Basis of preparation

The financial statements are prepared in accordance with the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Material Accounting Policy information adopted are set out below.

Revenue recognition

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

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

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

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

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

5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

When the Company 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 a contract 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. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements, except for revenue from renewal of service packs and revenue from professional services

Revenue from renewal of service packs

Revenue from renewal of service packs is recorded as net as there is no inventory risk. Any subsequent purchase or possession of the same service pack by the Company is considered transitory as it is definite that the inventory will ultimately be transferred and there is no meaningful period that the Company holds the inventory before it is transferred to the end user.

3. Material Accounting Policy Information (continued)

Revenue recognition (continued)

Revenue from professional services

Revenue from professional services is recorded as net as the main responsibility of the Company is to arrange for the services to be performed by the vendor

Leases

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

▪ fixed lease payments (including in-substance fixed payments), less any lease incentives;
▪ variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
▪ the amount expected to be payable by the lessee under residual value guarantees;
▪ the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
▪ payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right of-use asset) whenever:

▪ the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
▪ the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
▪ a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use of assets are presented as a separate line item in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

3. Material Accounting Policy Information (continued)

Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams (AED), which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss when incurred. The cost of property and equipment is depreciated using the straight-line method over their estimated useful lives as follows:

	Useful lives
Furniture and fixtures	4-10
Leasehold improvements	3-5
Office equipment	5-8

The estimated useful lives and depreciation method are reviewed at each reporting date with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Cost of computer software purchased is amortised using the straight-line method over its estimated useful life of 3 years.

Impairment of tangible and intangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. Material Accounting Policy Information (continued)

Impairment of tangible and intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase costs and other related expenses that have been incurred in bringing the inventories to their present location and condition. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised 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).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be eceived and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.
Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

i) Amortised cost and effective interest rate method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. Material Accounting Policy Information (continued)

Financial assets (continued)

i) *Amortised cost and effective interest rate method (continued)*

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting year, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Impairment of financial assets

The Company always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

ii) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

▪ the financial instrument has a low risk of default;
▪ the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
▪ adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. Material Accounting Policy Information (continued)

iii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

iv) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:
▪ significant financial difficulty of the issuer or the borrower;
▪ a breach of contract, such as a default or past due event (see (ii) above);
▪ the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
▪ it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
▪ the disappearance of an active market for that financial asset because of financial difficulties.

v) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

vi) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-lookinginformation as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities measured subsequently at amortised cost

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss

3. Material Accounting Policy Information (continued)

Employee benefits

The Company operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The Company's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of defined benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The Company determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest expenses related to defined benefit plan are recognised in "Finance costs" in the statement of profit or loss and other comprehensive income.

4. Critical accounting judgment and key sources of estimation uncertainty

Critical judgement in applying accounting policies

The following is the critical judgement (apart from those involving estimations, which are dealt with below) that the management has made in the process of applying the Company's accounting policies, which are described in Note 3 to the financial statements, and that has the most significant effect on the amounts recognised in the financial statements.

Warranties

The Company's Original Equipment Manufacturer ("OEM") generally warrants the products distributed by the Company and these are assurance warranties provided in the normal course of business relating to product performance. The Company generally does not independently warrant the products it distributes and therefore management does not consider that any provisions for warranties or claims are required.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision for impairment of trade receivables

The Company reviews its receivables to assess adequacy of provisions at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether provisions should be recognised, the Company makes an estimate of the collectible amount when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on ECL on such receivables.

Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, physical deterioration and quality issues. Based on the above factors, the Company has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Customer incentive

The Company accrues for rebates for its customers based on contracted percentages on the total sales made during the year and based on fulfilment of the related obligations, which require management to ascertain whether these obligations have been met by its customers during the period of agreement. This requires management knowledge of all customers for whom these connected commitments are in place in order to ensure that the accrual is complete.

5. Right-of-use assets

The Company leases several assets involving office premises. The average lease term is 2 years. Movement of the recognised right-of-use assets during the year:

	Property AED
At 1 April 2022	10,643,650
Additions	57,909
Depreciation	(3,599,081)
At 31 March 2023	7,102,478
Additions	2,051,622
Depreciation	(3,168,700)
At 31 March 2024	**5,985,400**

6. Property and equipment

	Furniture and fixtures AED	Leasehold Improvements AED	Office equipment AED	Total AED
Cost				
At 1 April 2022	4,107,532	2,705,668	6,242,156	13,055,356
Additions	176,368	-	1,121,661	1,298,029
Disposal	(668,463)	-	(1,240,493)	(1,908,956)
At 31 March 2023	3,615,437	2,705,668	6,123,324	12,444,429
Additions	31,097	-	703,259	734,356
Disposal	(1,203,202)	(431,200)	(2,260,340)	(3,894,742)
At 31 March 2024	**2,443,332**	**2,274,468**	**4,566,243**	**9,284,043**
Accumulated depreciation				
At 1 April 2022	3,241,397	751,016	4,598,695	8,591,108
Charge for the year	557,086	753,166	158,577	1,468,829
Disposal	(366,125)	-	(888,394)	(1,254,519)
At 31 March 2023	3,432,358	1,504,182	3,868,878	8,805,418
Charge for the year	157,251	227,447	927,772	1,312,470
Disposal	(1,203,202)	(431,200)	(2,082,572)	(3,716,974)
At 31 March 2024	**2,386,407**	**1,300,429**	**2,714,078**	**6,400,914**
Carrying amount				
At 31 March 2024	**56,925**	**974,039**	**1,852,165**	**2,883,129**
At 31 March 2023	183,079	1,201,486	2,254,446	3,639,011

Notes to the Financial Statements
for the year ended 31 March 2024 (continued)

7. Inventories

	2024	2023
	AED	AED
Goods held for sale	**138,066,587**	183,555,699
Allowance for slow-moving inventories	**(4,453,365)**	(12,501,258)
Goods in transit	**260,648**	34,793
	133,873,870	171,089,233

Movement in allowance for slow-moving and obsolete inventories:

	2024	2023
	AED	AED
Balance at beginning of the year	**12,501,258**	3,832,862
(Allowance)/Reversal of allowance for slow moving and obsolete inventories	**(8,047,893)**	8,668,396
	4,453,365	12,501,258

8. Trade and other receivables

	2024	2023
	AED	AED
Trade receivables	**325,768,614**	345,279,200
Less: Expected Credit Loss	**(535,497)**	(1,467,772)
	325,233,117	343,811,428
Prepayments	**3,704,778**	3,971,672
Refundable deposits	**145,200**	145,200
Margin Deposits	**119,319**	106,826
Other Receivables	**1,169,358**	2,418,718
	330,371,772	350,453,844

The average credit period on sales of goods and services is 36 days (2023 : 37 Days). No interest is charged on the past due trade receivables. In the opinion of the management, the Company has fully provided for all receivables that are not recoverable.

At 31 March 2024, five customers accounted for 45% (2023 : Five customers accounted for 49%) of total trade receivables. There are no other customers who represent more than 5% of the total balance of trade receivables as at year-end.

The Company measured the allowance for doubtful debts at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9:

Movement in expected credit losses:

	Collectively Assessed AED	**Individually Assessed AED**
Balance as at 1 April 2022	-	1,715,374
Expected credit losses	-	1,144,966
Amounts written-off as uncollectible	-	(1,392,568)
Balance at 31 March 2023	-	1,467,772
Reversal of expected credit losses	-	**(924,317)**
Amounts written-off as uncollectible	-	**(7,958)**
Balance at 31 March 2024	-	**535,497**

Notes to the Financial Statements
for the year ended 31 March 2024 (continued)

9. Related Party Balances and transactions

The Company enters into transactions with the Parent Company, companies and entities that fall within the definition of a related party as contained in IAS 24 Related Party Disclosures. Related parties comprise the Parent Company, companies and entities under common ownership and/or common management and control, key management personnel and shareholders. The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges

a) At the reporting date, balances due from related parties were as follows:

	2024 AED	2023 AED
Due from related parties		
Entities under common management or control	**8,851,760**	7,941,240

The management of the Company estimates the allowance on due from related party balances at each reporting date at an amount equal to lifetime ECL. None of the receivable balances from related parties at each reporting date are past due, and taking into account the historical default experience and the future prospects of the industries in which the related parties operate, management of the Company consider that no related party balances are impaired.

There has been no change in estimation techniques or significant assumptions made during the current reporting period in assessing the allowance for balances due from related parties. The settlement of the related party balances is guaranteed by the ultimate controlling party through their centralised treasury process.

b) At the end of the reporting period, amounts due to related parties were as follows:

	2024 AED	2023 AED
Due to related parties		
Parent Company	**304,804,457**	402,135,459
Entities under common management or control	**28,388,268**	16,256,515
	333,192,725	418,391,974

Balance with related parties are all current, interest-free, unsecured and have no fixed repayment terms.

c) Transactions

During the year, the Company entered into the following transactions with the related parties:

	2024 AED	2023 AED
Sales	**34,845,524**	31,297,243
Purchases	**1,234,439,267**	1,407,358,226
Rebates	**263,551,175**	390,700,000
Employees' end-of-service indemnity transferred from a related party (Note 13)	**180,015**	33,480
Recharge of Back-office support services	**-**	11,000,624
Allocation of common costs (Note 9)	**(58,128,509)**	-

Rebates

Rebates relate to the backend income allocated by the Parent Company. Backend income is centralised at the Parent Company as it receives directly the backend income from the third-party suppliers. Hence, backend income is transferred by the Parent Company directly to the Company rather than routing it through the related parties from whom the Company makes it sales and purchases.

9. Related Party Balances and transactions (continued)

Allocation of common costs
Effective April 1, 2023, the company signed a support service agreement with RGF for strategic and operational support provided by RGF to the company, based on the transfer pricing guidelines approved the Group's management. The operation support fees is calculated based on the company's net sale of the products to the customers in the territory and its operating margin (effective service fee).

d) Compensation of Key management personnel

The Company is managed directly by the key management personnel of the Parent Company.

10. Cash and Cash Equivalents

	2024	2023
	AED	AED
Cash on hand	**10,949**	10,773
Bank balances - current accounts	**3,322,370**	10,179,769
	3,333,319	10,190,542

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the reporting date at an amount equal to lifetime ECL.

None of the balance with bank at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

11. Share Capital

	2024	2023
	AED	AED
Authorised, issued and fully paid-up:		
300 shares of AED 1,000 each	**300,000**	300,000

12. Statutory Reserve

In accordance with U.A.E. Federal Law No. 32 of 2021 on Commercial companies, the Company has established a statutory reserve by appropriation of 5 % of net profit until the reserve equals 50 % of the share capital. This reserve is not available for distribution except as stipulated by the Law. No Appropriation has been made for the current year as the reserve equals 50 % of the share capital.

13. Provision for Employee's end-of-service indemnity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company's obligation towards gratuity is a defined benefit plan and the details of actuarial valuation at the reporting date are as follows:

	2024	2023
	AED	AED
Balance at the beginning of the year	**17,060,781**	15,516,871
Charge for the year	**3,878,313**	3,281,529
Payments during the year	**(1,981,933)**	(1,309,755)
Transferred from a related party [Note 9 (c)]	**180,015**	33,480
Net interest cost	**853,039**	509,140
Actuarial gain on obligation	**(871,669)**	(970,484)
Balance at the end of the year	**19,118,546**	17,060,781

Notes to the Financial Statements
for the year ended 31 March 2024 (continued)

13. Provision for Employee's end-of-service indemnity (continued)

Principal assumptions used for purposes of the actuarial valuation:

	2024	2023
Discount rate	**4.95%**	5.00%
Salary escalation rate	**4.95%**	5.00%
Mortality rate	**Per AM (80) table**	Per AM (80) table

The sensitivity analysis has been determined based on the exposure to discount rates, salary escalation rate, mortality rate and withdrawal rate. The senstivity rate applied by the Company to ascertain the impact in one of the actuarial assumptions, keeping other assumptions constant, on the defined benefit obligation is as follows:

	Increase/(decrease)	
	2024	2023
	AED	AED
Increase of 1% in assumptions		
Discount rate	**1,341,511**	1,183,476
Salary escalation rate	**(1,615,134)**	(1,429,283)
Decrease of 1% in assumptions		
Discount rate	**(1,532,808)**	(1,355,546)
Salary escalation rate	**1,438,133**	1,269,847

14. Leases liabilities

Lease liabilities recognised and maturity analysis:

	2024	2023
	AED	AED
Amount due for settlement within 12 months		
Not later than 1 year (shown under current liabilities)	**3,282,594**	3,221,673
Amount due for settlement after 12 months		
Later than 1 year and not later than 5 years	**3,164,384**	4,474,138
	6,446,978	7,695,811

Movement in lease liabilities is as follows:

	2024	2023
	AED	AED
Balance at the beginning of the year	**7,695,811**	11,134,578
Amortization of interest expense during the year	**187,658**	268,580
Additions during the year	**3,078,985**	57,909
Repayment of lease liabilities during the year	**(4,515,476)**	(3,765,256)
Balance at the end of the year	**6,446,978**	7,695,811

15. Trade and other payables

	2024	2023
	AED	AED
Trade payables	**7,006,958**	2,255,060
Accrued expenses	**27,545,185**	34,749,685
Advances from customers	**-**	1,303
Output VAT	**3,073,971**	14,722,787
	37,626,114	51,728,835

16. Other Expenses - net

	2024	2023
	AED	AED
Advertising costs	**32,959**	9,216,284
Consultancy fees	**1,266,038**	1,092,227
Insurance expense	**1,194,957**	1,475,230
Transportation expense	**3,505,118**	3,958,899
Expected credit loss (Note 8)	**(924,317)**	1,144,966
Freight Outwards	**3,481,456**	3,414,837
Back-office support services	**-**	11,000,624
Reversal of allowance/(Allowance) for slow-moving inventories (Note 7)	**(8,047,893)**	8,668,396
Bad debts written off/ (written back)	**1,599,861**	(7,315)
Allocation of common costs	**14,702,388**	-
Others	**8,558,089**	3,146,827
	25,368,656	43,110,975

17. Depreciation and amortization expenses

	2024	2023
	AED	AED
Depreciation of right-of-use assets (Note 5)	**3,168,700**	3,599,081
Depreciation of property and equipment (Note 8)	**1,312,470**	1,468,829
Amortisation of intangible assets	**2,269**	10,020
	4,483,439	5,077,930

18 . Other gain/(loss)

	2024	2023
	AED	AED
Loss on sale of property and equipment	**4,247**	324,307
Other gain	**(70,298)**	-
	(66,051)	324,307

19. Corporate income tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9 % CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

As the Company's accounting year ends on 31 March, accordingly the effective implementation date for the Company will start from 1 April 2024 to 31 March 2025, with the first return to be filed on or before 30 September 2025.

The CT Law confirms the rate of 9% to be applied to taxable income exceeding a specified threshold. It is not currently foreseen that the company will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Company operates and the implementation of a top-up tax regime by UAE MOF.

As per the Company’s assessment, there is no deferred tax impact on account of the CT Law in the financial statements for the year ended 31 March 2024. Furthermore, based on the Company’s assessment, the expected effective tax rate that it will be subject to in the UAE is 9%.

Notes to the Financial Statements
for the year ended 31 March 2024 (continued)

20. Financial Instruments and risk management

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the separate financial statements.

Categories of financial instruments

	2024	2023
	AED	AED
Financial assets		
Cash and Cash equivalents	**3,333,319**	10,190,542
Due from Related parties	**8,851,760**	7,941,240
Trade and other receivables	**326,666,994**	346,482,172
	338,852,073	364,613,954
Financial liabilities		
Lease Liabilities	**6,446,978**	7,695,811
Due to related parties	**333,192,725**	418,391,974
Trade and other payables	**34,552,143**	37,004,745
Financial liabilities at amortised cost	**374,191,847**	463,092,530

Fair value of financial instruments

The Management determined that the carrying values of financial assets and financial liabilities approximate their fair values in the statement of financial position as at the reporting date.

Financial Risk Management Objectives

The Company's overall financial risk management program which relies on the involvement of senior management, seeks to minimise potential adverse effects of financial performance of the Company. The management provides guidelines for overall financial risk management covering specific areas, such a market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. Periodic reviews are undertaken to ensure that the management's guidelines are complied with.

Interest Risk

The Company does not have any significant exposure to interest risk as there are no interest-bearing financial instruments.

Foreign Currency Risk

The Company does not have any significant exposure to currency risk as most of their monetary assets are denominated in U.A.E Dirham or in U.S. Dollars, on which the U.A.E Dirham is fixed.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposure to outstanding trade receivables. The Management of the Company has implemented centralised procedures for credit control. Credit Risk is minimised through a conservative credit policy. Individual counter-party limits are set in accordance with the credit policy.

The Company's exposure to credit risk is closely monitored and the aggregate value of transactions concluded is spread amongst counter-parties. Credit exposure is controlled by counter-party limits that are reviewed and approved by the management regularly. Due to the risk on transactions in the countries in which the Company operates, management will, based on past experience and level of risk associated with these transactions, make an allowance for losses on such transactions should they consider it necessary.

Ongoing credit evaluation is performed on the financial condition of trade receivable. Further details of credit risks on trade receivables are discussed in Note 8 to the financial statements.

20. Financial Instruments and risk management (continued)

The Credit risk on liquid funds is limited because the counterparties are banks with high credit-rankings assigned by international credit-rating agencies.
The Company's current credit risk grading framework comprises the following categories :

Category	**Description**	**Basis for Recognising Expected credit losses**
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - Not credit impaired
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - Not credit impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - Credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

Liquidity risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which as built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

All of the Company's financial assets and financial liabilities are due to be settled withing one year from the reporting date except for lease liabilities as disclosed in Note 14 to the Financial statements.

21. Capital risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder though the opimisation of the debt and equity balance. The Company's overall strategy remains unchanged from the previous year.

Having considered the structure and magnitude of the Company, the management has decided that the capital structure should be limited to equity comprising issued capital, reserve and retained earnings.

22. Contingent Liabilities

As at reporting date, the Company had the following contingent liabilities:

	2024	2023
	AED	AED
Letter of Guarantee	**100,000**	100,000

23. Approval of Separate financial statements

The separate financial statements for the year ended 31st March 2024 were approved and signed by the Board of directors on behalf of the shareholders on 07 June 2024.