

**Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates**

**Auditor's Report and Separate Financial Statements
For the year ended March 31, 2024**



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Table of contents

	<u>Pages</u>
Independent Auditor's Report	1 - 3
Separate statement of financial position	4
Separate statement of profit or loss and other comprehensive income	5
Separate statement of changes in equity	6
Separate statement of cash flows	7
Notes to the separate financial statements	8 - 33



Ref: JM/AR/2024/240340

Independent Auditor's Report

To,

The Shareholders

M/s. Texol Lubritech FZC

Hamriyah Free Zone

Sharjah - United Arab Emirates

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of **M/s. Texol Lubritech FZC** (the "Entity") which comprise the separate statement of financial position as at March 31, 2024 and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity, separate statement of cash flows for the year then ended and notes to the separate financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Entity in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), issued by International Ethics Standards Board for Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the separate 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.

Other Matter

The financial statements of the Entity for the year ended March 31, 2023 which are shown as comparatives, were audited by another auditor who expressed an unmodified opinion on those statements on May 19, 2023.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards (IFRSs) and their preparation in compliance with the applicable provisions of Emiri Decree No. (6) of 2005, issued in November 02, 1995, Sharjah and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Entity's financial reporting process.

Independent Auditor's Report to the Shareholders of Texol Lubricants FZC (continued)

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 Entity'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 Entity'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 separate 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Further, as required by the provisions of Emiri Decree No. (6) of 2005, issued in November 02, 1995, Sharjah, we confirm that,

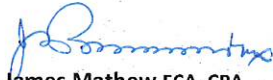
- 1 We have obtained all the information and explanations which we consider necessary for our audit.
- 2 The separate financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Emiri Decree No. (6) of 2005, issued in November 02, 1995, Sharjah and the Memorandum and Articles of Association of the Entity.

Independent Auditor's Report to the Shareholders of Texol Lubricants FZC (continued)

Report on Other Legal and Regulatory Requirements (continued)

- 3 Proper books of accounts have been maintained by the Entity.
- 4 The Entity has not made any investments in shares and stocks during the year ended March 31, 2024.
- 5 Note 12 to the separate financial statements discloses material related party transactions and the terms under which they were conducted.
- 6 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended March 31, 2024, any of the applicable provisions of the Emiri Decree No. (6) of 2005, issued in November 02, 1995, Sharjah or the Memorandum and Articles of Association of the Entity, which would materially affect its activities or its separate financial position as of March 31, 2024.

For UHY James Chartered Accountants



James Mathew FCA, CPA

Managing Partner

Reg. No. 548

May 15, 2024

Dubai - United Arab Emirates



Texol Lubritech FZC

Hamriyah Free Zone

Sharjah - United Arab Emirates

Separate statement of financial position as at March 31, 2024

(In Arab Emirates Dirham)

	Notes	2024	2023
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	5	44,518,422	43,495,651
Investment in a subsidiary	6	300,000	300,000
Right-of-use asset	7	11,337,375	11,658,999
Intangible assets	8	251,551	292,285
<i>Total non-current assets</i>		<u>56,407,348</u>	<u>55,746,935</u>
<i>Current assets</i>			
Inventories	9	73,303,724	77,181,737
Trade receivables	10	35,005,906	44,238,223
Prepayments, advances and other receivables	11	5,577,098	2,855,380
Due from related parties	12	4,915,903	1,193,847
Deposits	13	9,383,713	9,758,143
Cash and bank balances	14	7,596,777	19,468,543
<i>Total current assets</i>		<u>135,783,121</u>	<u>154,695,873</u>
Total assets		<u>192,190,469</u>	<u>210,442,808</u>
Equity and liabilities			
<i>Equity</i>			
Share capital	15	1,000,000	1,000,000
Statutory reserve	16	500,000	500,000
Retained earnings	17	51,959,871	36,973,054
Shareholder's current account	18	-	26,209,990
<i>Total equity</i>		<u>53,459,871</u>	<u>64,683,044</u>
<i>Non-current liabilities</i>			
Loans from shareholders	12	28,270,336	-
Employees' end of service benefits	19	425,469	388,564
Bank borrowings	20	-	8,023,403
Lease liabilities	21	12,238,129	12,192,283
<i>Total non-current liabilities</i>		<u>40,933,934</u>	<u>20,604,250</u>
<i>Current liabilities</i>			
Loans from shareholders	12	2,502,520	-
Trade and other payables	22	29,237,518	89,857,305
Bank borrowings	20	65,356,626	34,598,209
Lease liabilities	21	700,000	700,000
<i>Total current liabilities</i>		<u>97,796,664</u>	<u>125,155,514</u>
Total liabilities		<u>138,730,598</u>	<u>145,759,764</u>
Total equity and liabilities		<u>192,190,469</u>	<u>210,442,808</u>

The accompanying notes on pages 8 to 33 form an integral part of these separate financial statements.

The report of the auditor is set out on page 1 to 3.

The separate financial statements on pages 4 to 33 were approved on May 15, 2024 and signed on behalf of the Entity, by:

Ms. Mini Simon
Director



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Separate statement of profit or loss and other comprehensive income for the year ended March 31, 2024
(In Arab Emirates Dirham)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
Revenue	23	565,673,904	539,573,745
Cost of revenue	24	<u>(522,153,034)</u>	<u>(498,421,585)</u>
Gross profit		43,520,870	41,152,160
Other income	25	625,264	29,229
Selling and distribution expenses	26	(8,033,419)	(10,923,252)
General and administration expenses	27	(5,450,600)	(6,090,914)
Finance costs	28	(9,675,298)	(6,429,966)
Profit for the year		20,986,817	17,737,257
Other comprehensive income		-	-
Total comprehensive income for the year		20,986,817	17,737,257

The accompanying notes on pages 8 to 33 form an integral part of these separate financial statements.

The report of the auditor is set out on page 1 to 3.



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Separate statement of changes in equity for the year ended March 31, 2024
(In Arab Emirates Dirham)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Shareholders' current account</u>	<u>Total equity</u>
Balance as at April 01, 2022	1,000,000	500,000	20,735,797	26,236,564	48,472,361
Profit for the year	-	-	17,737,257	-	17,737,257
Dividends	-	-	(1,500,000)	-	(1,500,000)
Net movements during the year	-	-	-	(26,574)	(26,574)
Balance as at March 31, 2023	1,000,000	500,000	36,973,054	26,209,990	64,683,044
Profit for the year	-	-	20,986,817	-	20,986,817
Dividends	-	-	(6,000,000)	-	(6,000,000)
Net movements during the year	-	-	-	(26,209,990)	(26,209,990)
Balance as at March 31, 2024	1,000,000	500,000	51,959,871	-	53,459,871

The accompanying notes on pages 8 to 33 form an integral part of these separate financial statements.

The report of the auditor is set out on page 1 to 3.



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Separate statement of cash flows for the year ended March 31, 2024
(In Arab Emirates Dirham)

	2024	2023
Cash flows from operating activities		
Profit for the year	20,986,817	17,737,257
<i>Adjustments for:</i>		
Finance costs	9,675,298	6,429,966
Depreciation on property, plant and equipment	1,863,289	1,626,489
Loss on disposal of property, plant and equipment	-	4,913
Loss on write off of property, plant and equipment	-	5,000
Depreciation on right-of-use asset	321,624	321,624
Amortisation on intangible assets	40,734	39,746
Provision for employees' end of service benefits	83,821	180,790
Allowance for expected credit loss	220,000	500,000
Interest income	(312,953)	(29,229)
Operating profit before working capital changes	32,878,630	26,816,556
<i>(Increase)/decrease in current assets</i>		
Inventories	3,878,013	(44,414,045)
Trade receivables	9,012,317	(23,871,983)
Prepayments, advances and other receivables	(2,721,718)	(804,323)
Due from related parties	(3,722,056)	(1,327,593)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	(62,116,787)	59,229,777
Due to related parties	-	(8,093,700)
Cash (used in)/generated from operations	(22,791,601)	7,534,689
Employees' end of services benefits paid	(46,916)	(8,675)
Net cash (used in)/from operating activities	(22,838,517)	7,526,014
Cash flows from investing activities		
Interest income received	312,953	29,229
Acquisition of property, plant and equipment	(2,886,060)	(2,297,813)
Proceeds from deposits	374,430	742,389
Proceeds from disposal of property, plant and equipment	-	11,200
Net cash (used in) investing activities	(2,198,677)	(1,514,995)
Cash flows from financing activities		
Dividends paid	(4,503,000)	(1,500,000)
Finance cost paid	(8,929,452)	(5,692,817)
Bank borrowings - net	22,735,014	12,984,553
(Repayment) of lease liabilities	(700,000)	(525,000)
Proceeds from loans from shareholders	18,572,006	-
Shareholder's current account	(14,009,140)	(26,574)
Net cash from financing activities	13,165,428	5,240,162
Net (decrease)/increase in cash and cash equivalents	(11,871,766)	11,251,181
Cash and cash equivalents, beginning of the year	19,468,543	8,217,362
Cash and cash equivalents, end of the year (note 14)	7,596,777	19,468,543

The accompanying notes on pages 8 to 33 form an integral part of these separate financial statements.

The report of the auditor is set out on page 1 to 3.



Texol Lubritech FZC

Hamriyah Free Zone

Sharjah - United Arab Emirates

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

(In Arab Emirates Dirham)

1 Legal status and business activities

- 1.1 M/s. Texol Lubritech FZC, Hamriyah Free Zone, Sharjah - United Arab Emirates (the "Entity") was registered on June 22, 2017 as a Free Zone Company with Limited Liability and operates in the United Arab Emirates under Industrial license no. 16094 issued by the Hamriyah Free Zone Authority, Sharjah - United Arab Emirates.
- 1.2 The Entity is licensed to manufacturing of lubricants, white oil, transformer oil, beauty products and speciality products.
- 1.3 The registered address of the Entity is Plot No. 2B-12, P.O. Box: 50802, Hamriyah Free Zone, Sharjah - United Arab Emirates.
- 1.4 The management and control of the Entity is vested with the Director, Ms. Mini Simon (Indian national).

2 Income and deferred tax

On December 09, 2022, the U.A.E. Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after June 01, 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% CT rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000, and a rate of 0% will apply on qualifying income of qualifying free zone entities. Subject to meeting certain conditions to be considered a Qualifying FZ Person ("QFZP"), a the Entity may be subject to UAE CT at (i) 0% on Qualifying Income, and (ii) 9% on taxable income that is not Qualifying Income.

The Entity will be subject to CT commencing April 01 2024.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3 New standards and amendments

3.1 New standards and amendments applicable as on April 01, 2023

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after April 01, 2023.

3 New standards and amendments (continued)

3.1 New standards and amendments applicable as on April 01, 2023 (continued)

- IFRS 17 - *Insurance Contracts* (Including the June 2020 and December 2021 amendments)
- Deferred Tax related to Assets and Liabilities arising from Single Transaction - Amendments to IAS 12, *Income Taxes*
- International Tax Reform (Pillar Two Model Rules) - Amendments to IAS 12, *Income Taxes*
- Disclosure of Accounting Policies - Amendments to IAS 1, *Presentation of Financial Statements and IFRS Practice Statement 2*
- Definition of Accounting Estimates - Amendments to IAS 8, Accounting policies, *Changes in Accounting Estimates and Errors*

The management believes that the adoption of the above amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation and disclosure of items in the separate financial statements.

3.2 New standards and amendments issued but not effective for the current annual period

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending March 31, 2024.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	April 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	April 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i>	April 01, 2024
IFRS 16 - <i>Leases</i> (Amendment - Liability in a Sale and Leaseback)	April 01, 2024
Classification of Liabilities as Current or Non-Current - Amendments to IAS 1, <i>Presentation of Financial Statements</i>	April 01, 2024
Non Current Liabilities with Covenants - Amendments to IAS 1, <i>Presentation of Financial Statements</i>	April 01, 2024

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

4 Significant accounting policies

4.1 Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and applicable U.A.E. laws. These separate financial statements are presented in Arab Emirates Dirham (AED) which is the Entity's functional and presentation currency.

4.2 Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values as explained in the accounting policies as follows.

4 Significant accounting policies (continued)

4.2 Basis of preparation (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these separate financial statements are set out as follows.

4.3 Current/non-current classification

The Entity presents assets and liabilities in separate statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Entity classifies all other liabilities as non-current.

4.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4.5 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the separate statement of profit or loss and other comprehensive income in the period in which they arise.

4.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

4 Significant accounting policies (continued)

4.6 Property, plant and equipment (continued)

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 Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the separate statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property, plant and equipment using the straight-line method over its useful lives as follows:

	<u>Years</u>
Buildings and improvements	10 - 40
Storage tanks	40
Plant and machinery	4 - 40
Tools and other equipment	10 - 40
Furniture, fixtures and office equipment	4 - 10
Motor vehicles	4

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separately.

The building is being depreciated over the period from when it became available for use up to the end of the lease term.

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income.

Capital work-in-progress

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Entity's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 8 years.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.



4 Significant accounting policies (continued)

4.7 Intangible assets (continued)

Computer software (continued)

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated that the software product will generate probable future economic benefits;
- adequate technical, financial and other resources are available to complete the development and to use or sell the software product; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

4.8 Leases

The Entity assesses at the inception of a contract, whether the contract is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Entity assesses whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Entity.
- the Entity has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Entity has the right to direct the use of the identified asset throughout the period of use. The Entity assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

4.8.1 Entity as lessee

The Entity applies a single recognition and measurement approach for all leases whereby right-of-use assets and lease liabilities are recognized except for the short-term leases and leases of low-value assets.

Right-of-use assets

The Entity recognizes right-of-use asset at the lease commencement date i.e. the date on which the assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of assets comprise the amount of initial lease liabilities recognised, initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and lease payments made at or before the commencement date less any lease incentives received. In addition, the Entity also assesses the right-of-use asset for impairment when such indicators exist.

4 Significant accounting policies (continued)

4.8 Leases (continued)

4.8.1 Entity as lessee (continued)

Right-of-use assets (continued)

Depreciation is spread over the shorter of lease term and the estimated useful lives of the assets using straight-line method. The shorter of lease term and the estimated useful lives of the right-of-use asset have been listed as follows:

	<u>Years</u>
Land	42

At the commencement date, the Entity measures lease liabilities at present value of the lease payments that are not paid at that date. The lease payments include fixed payments less any lease incentives receivable, variable lease payments, amount expected to be paid as guaranteed residual value, the exercise price of a purchase option if the Entity is reasonably certain to exercise that option and payments of penalties for terminating the lease. The Entity uses its incremental borrowing rate if interest rate implicit in the lease is not readily determinable, to measure the present value of lease payments.

Subsequent to initial measurement, the Entity remeasures lease by increasing the carrying amount to reflect interest on the lease liabilities and reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount is remeasured if there are modification in lease contracts or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Entity elects not to recognize right-of-use assets and lease liability for short term lease contracts (i.e. lease period less than or equal to 12 months from the date of commencement) and for low value assets. The Entity recognises payments associated with these leases as an expense on a straight-line basis over the lease term.

4.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Entity 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).

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where 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 group 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 to sell 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.

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 the separate statement of profit or loss and other comprehensive income.

4 Significant accounting policies (continued)

4.9 Impairment of tangible and intangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. The reversal of impairment loss is limited 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 the separate statement of profit or loss and other comprehensive income.

4.10 Investment in a subsidiary

Subsidiaries are entities (including structured entities) controlled by the Entity. Control is achieved when the Entity has power over the investee; is exposed, or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed.

When the Entity has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power.

Investments in subsidiaries are stated at cost less identified impairment losses, if any.

4.11 Financial instruments

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

4.11.1 Financial assets

Classification

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

- those to be measured subsequently at fair value (either through OCI "FVTOCI", or through profit or loss "FVTPL"), and
- those to be measured at amortised cost.

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

Measurement

At initial recognition, the Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed the separate statement of in profit or loss and other comprehensive income.

Financial assets comprise of cash and cash equivalents, due from related parties and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current account with banks.

Trade receivables

Trade receivables balances that are held to collect are subsequently measured at the lower of amortized cost or the present value of estimated future cash flows. The present value of estimated future cash flows is determined through the use of value adjustments for uncollectable amounts. The Entity assesses on a forward-looking basis the expected credit losses associated with its trade receivables and adjusts the value to the expected collectible amounts.

4 Significant accounting policies (continued)

4.11 Financial instruments (continued)

4.11.1 Financial assets (continued)

Trade receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on trade receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

Due from related parties

Amounts due from related parties are stated at amortised cost.

Impairment of financial assets

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

Derecognition of financial assets

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

4.11.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables, loans from shareholders and bank borrowings.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Loans from shareholders

Loans from shareholders are stated at amortised cost.

Bank borrowings

Bank borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. 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 separate statement of profit or loss and other comprehensive income.

4 Significant accounting policies (continued)

4.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the separate statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.13 Inventories

Inventories comprise raw materials and consumables and finished goods. Raw materials and consumables are valued at cost using weighted average basis. Work-in-progress and finished goods are valued at lower of manufacturing cost and net realizable value. Manufacturing cost includes cost of direct materials, direct labour and proportionate share of manufacturing overhead that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.14 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity 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 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 received and the amount of the receivable can be measured reliably.

4.15 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Entity expects to be entitled in exchange for those goods or services.

Sale of goods

Revenue from the sale of goods in normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to the customer.

The consideration expected by the Entity may include fixed or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Revenue for the sale of goods is recognized when control of the asset is transferred to the buyer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods or services are accounted for separately based on their stand-alone selling prices. Revenue is recorded net of Value Added Tax (VAT). A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.

4 Significant accounting policies (continued)

4.15 Revenue recognition (continued)

4.15.1 Performance obligation

Information about the Entity's performance obligation is summarised below:

Sale of products

Revenues is recognized when control of goods is transferred to customers on delivery and acceptance of goods as agreed with the customer.

4.16 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described as follows.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgement that has the most significant effect on the amounts recognised in the separate financial statements.

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferred control of the goods to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate.

Lease term - the Entity as lessee

The Entity determines lease term as the non-cancellable period of a lease together with any periods covered with an option to extend or terminate. The management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease contract. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Entity reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate it.

Key sources of estimation uncertainty

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, are discussed as follows.

Net realisable value of inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

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

4 Significant accounting policies (continued)

4.16 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Impairment of financial assets

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

Leasehold improvements

Management determines the estimated useful life and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Group will renew its annual lease over the estimated useful life of the asset. It could change significantly should the annual lease not be renewed. Management will increase the depreciation charge where the useful life is less than the previously estimated useful life.

Incremental borrowing rate for leases

The Entity uses incremental borrowing rate to measure lease liabilities if interest rate implicit in the lease is not readily determinable. Incremental borrowing rate represents the rate of interest that Entity would have to pay on funds necessary to obtain a similar asset, on similar term, with a similar security in a similar economic environment. The management estimates incremental borrowing rate using observable inputs and Entity specific estimates.



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

5 Property, plant and equipment

	<u>Buildings and improvements</u>	<u>Storage tanks</u>	<u>Plant and machinery</u>	<u>Tools and other equipment</u>	<u>Furniture, fixtures and office equipment</u>	<u>Motor vehicles</u>	<u>Capital work-in-progress</u>	<u>Total</u>
Cost								
As at April 01, 2022	20,966,491	12,871,359	6,234,199	4,555,662	1,472,063	302,161	261,922	46,663,857
Reclassification during the year	-	-	105,500	-	-	(105,500)	-	-
Additions during the year	311,885	98,900	695,049	198,122	86,774	62,195	844,888	2,297,813
Transferred during the year	-	986,810	-	-	-	-	(986,810)	-
Transferred to intangible assets (note 8)	-	-	-	-	-	-	(95,000)	(95,000)
Disposals during the year	-	-	(19,957)	-	-	-	-	(19,957)
Written off during the year	-	-	-	-	-	-	(5,000)	(5,000)
As at March 31, 2023	21,278,376	13,957,069	7,014,791	4,753,784	1,558,837	258,856	20,000	48,841,713
Additions during the year	544,269	160,000	1,465,388	174,244	24,214	405,445	112,500	2,886,060
As at March 31, 2024	21,822,645	14,117,069	8,480,179	4,928,028	1,583,051	664,301	132,500	51,727,773
Accumulated depreciation								
As at April 01, 2022	1,296,957	794,003	673,081	395,210	466,459	97,707	-	3,723,417
Adjustment on reclassification	-	-	4,396	-	-	(4,396)	-	-
Charge for the year	529,029	327,952	346,571	165,281	201,341	56,315	-	1,626,489
Eliminated on disposals during the year	-	-	(3,844)	-	-	-	-	(3,844)
As at March 31, 2023	1,825,986	1,121,955	1,020,204	560,491	667,800	149,626	-	5,346,062
Charge for the year	573,910	350,404	453,192	189,118	188,444	108,221	-	1,863,289
As at March 31, 2024	2,399,896	1,472,359	1,473,396	749,609	856,244	257,847	-	7,209,351
Carrying value as at March 31, 2024	19,422,749	12,644,710	7,006,783	4,178,419	726,807	406,454	132,500	44,518,422
Carrying value as at March 31, 2023	19,452,390	12,835,114	5,994,587	4,193,293	891,037	109,230	20,000	43,495,651



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

5 Property, plant and equipment (continued)

Notes:

- Buildings and improvements and storage tanks of the Entity are constructed on the land leased from Hamriyah Free Zone Authority for a period of 25 years (renewable), which is from June 22, 2017 till June 21, 2042 and are depreciated over their useful lives of 10-40 years. The management believes that the lease will continue to be renewed by the Entity even after the expiry of the lease term.
- Capital work-in-progress at the end of the reporting period represents the cost incurred for the expansion of storage tanks, which were not ready to use till the end of the reporting period.
- Buildings and improvements, storage tanks, plant, machinery and equipment of the Entity have been pledged as a security for the bank borrowings under a mortgage (note 20).
- Breakup of depreciation charged:

	Notes	For the year ended March 31,	
		2024	2023
Cost of revenue	24	1,566,624	1,368,833
General and administration expenses	27	296,665	257,656
		<u>1,863,289</u>	<u>1,626,489</u>



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

6 Investment in Subsidiary	<u>2024</u>	2023
M/s. Texol Lubricants Manufacturing L.L.C., Ajman - U.A.E.	<u>300,000</u>	<u>300,000</u>

Name of subsidiary and domicile	Percentage of shareholding		Percentage of effective control		Date of acquisition	Principal activities
	2024	2023	2024	2023		
M/s. Texol Lubricants Manufacturing L.L.C, Ajman - U.A.E.	49%	49%	100%	100%	February 23, 2022	Manufacturing lubricants & coolants and grease & lubricants packaging.

The investment in a subsidiary has been separately accounted at cost under exemption to consolidate the subsidiary as per IAS 27 "Separate Financial Statements". The Entity also prepares consolidated financial statements in accordance with IFRS 10.

7 Right-of-use asset	<u>Land</u>
Cost	
As at April 01, 2022	12,800,690
As at March 31, 2023	12,800,690
As at March 31, 2024	<u>12,800,690</u>
Accumulated depreciation	
As at April 01, 2022	820,067
Charge for the year (note 24)	321,624
As at March 31, 2023	1,141,691
Charge for the year (note 24)	321,624
As at March 31, 2024	<u>1,463,315</u>
Carrying value as at March 31, 2024	<u>11,337,375</u>
Carrying value as at March 31, 2023	<u>11,658,999</u>

The Entity has lease rights of leased land (Plot no. 2B-12) from Hamriyah Free Zone Authority located in Hamriyah Free Zone, Sharjah - United Arab Emirates for a period of 25 years (renewable) ending on June 21, 2042. The management believes that the lease will continue to be renewed by the Entity even after the expiry of the lease term.

The right-of-use asset is depreciated over the lease term on straight-line basis.

The Entity does not have option to purchase assets at the end of the lease term.

8 Intangible assets	<u>Trademark</u>	<u>Computer software</u>	<u>Total</u>
Cost			
As at April 01, 2022	288,585	-	288,585
Transferred from property, plant and equipment (note 5)	-	95,000	95,000
As at March 31, 2023	288,585	95,000	383,585
As at March 31, 2024	<u>288,585</u>	<u>95,000</u>	<u>383,585</u>



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

8 Intangible assets (continued)	<u>Trademark</u>	<u>Computer software</u>	<u>Total</u>
Accumulated amortisation			
As at April 01, 2022	51,554	-	51,554
Amortisation during the year (note 27)	<u>28,859</u>	<u>10,887</u>	<u>39,746</u>
As at March 31, 2023	80,413	10,887	91,300
Amortisation during the year (note 27)	<u>28,858</u>	<u>11,876</u>	<u>40,734</u>
As at March 31, 2024	<u>109,271</u>	<u>22,763</u>	<u>132,034</u>
Carrying value as at March 31, 2024	<u>179,314</u>	<u>72,237</u>	<u>251,551</u>
Carrying value as at March 31, 2023	<u>208,172</u>	<u>84,113</u>	<u>292,285</u>

Intangible assets represent trademark and computer software and are amortised on straight-line basis over its estimated useful lives of 10 and 8 years, respectively.

	<u>2024</u>	<u>2023</u>
9 Inventories		
Raw materials	61,438,898	50,455,436
Packing materials	835,232	969,661
Consumables	182,758	87,785
Finished goods	<u>10,846,836</u>	<u>25,668,855</u>
	<u>73,303,724</u>	<u>77,181,737</u>

Inventories are hypothecated as security against bank borrowings (note 20).

10 Trade receivables		
Trade receivables - others	27,594,905	40,880,055
Trade receivables - related parties (note 12b)	8,430,695	4,858,168
Less: Allowance for expected credit loss	<u>(1,019,694)</u>	<u>(1,500,000)</u>
	<u>35,005,906</u>	<u>44,238,223</u>

The average credit period for the trade receivables is 90 days (2023: 90 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

Of the trade receivables as at March 31, 2024, there are 5 customers (2023: 5 customers) which represents 56% (2023: 61%) of the total receivables.

	<u>2024</u>	<u>2023</u>
<i>Ageing of trade receivables that are neither past nor due:</i>		
1 - 90 days	30,736,240	40,425,072
<i>Ageing of trade receivables that are past due:</i>		
91 -180 days	1,830,548	2,121,960
181 - 365 days	587,044	1,358,576
366 days and above	<u>2,871,768</u>	<u>1,832,615</u>
	<u>36,025,600</u>	<u>45,738,223</u>

Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

10 Trade receivables (continued)

Impairment of trade receivables:

The Entity applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In determining the impairment loss on trade receivables, the Entity recognises a loss allowance based on lifetime expected credit losses at each reporting date. The management has established a provision matrix that is based on its historic credit loss experience, adjusted for forward-looking information specific to the debtor and the overall economic environment. The management has concluded that the Expected Credit Loss (ECL) for trade receivables to be immaterial as at the reporting date.

The movements in the allowance for expected credit loss as at reporting date are as follows:

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	1,500,000	1,000,000
Charge during the year (note 27)	220,000	500,000
Written off during the year	<u>(700,306)</u>	-
Balance at the end of the year	<u><u>1,019,694</u></u>	<u><u>1,500,000</u></u>

The above trade receivables are assigned against the borrowing facilities (note 20).

Geographical analysis:

The geographical analysis of trade receivables are as follows:

Within U.A.E.	21,970,202	30,657,062
Outside U.A.E.	14,055,398	15,081,161
	<u><u>36,025,600</u></u>	<u><u>45,738,223</u></u>

11 Prepayments, advances and other receivables

Prepayments	611,504	759,618
Refundable deposits	360,127	331,546
Advance to suppliers	4,276,593	948,900
Advance to employees	52,265	50,255
VAT receivable	156,633	645,085
Other receivables	119,976	119,976
	<u><u>5,577,098</u></u>	<u><u>2,855,380</u></u>

12 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related Party Disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

	<u>2024</u>	<u>2023</u>
a) Due from related parties		
<i>Entities under common management and control</i>	<u><u>4,915,903</u></u>	<u><u>1,193,847</u></u>



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

12 Related party transactions (continued)

	<u>2024</u>	<u>2023</u>
b) Due from related parties (under trade receivables) (note 10)		
<i>Entities under common management and control</i>	<u>8,430,695</u>	<u>4,858,168</u>
c) Due to related parties (under trade and other payables) (note 22)		
<i>Entities under common management and control</i>	-	7,358,993
<i>Shareholder</i>	<u>4,161,375</u>	<u>226,500</u>
	<u>4,161,375</u>	<u>7,585,493</u>
d) Loans from shareholders		
Loans from shareholders	<u>30,772,856</u>	<u>-</u>
Comprising:		
Current portion	2,502,520	-
Non-current portion	<u>28,270,336</u>	<u>-</u>
	<u>30,772,856</u>	<u>-</u>

Loans from shareholders comprise:

a) The loan amounting to AED 9,384,506, is interest bearing, unsecured and repayable within 4 years from date of disbursement which is December 20, 2023.

b) The loan amounting to AED 21,388,350, is interest bearing, unsecured and without fixed repayment schedules.

e) Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

	<u>For the year ended March 31,</u>	
<i>Entities under common management and control</i>	<u>2024</u>	<u>2023</u>
Sale of products	<u>115,744,527</u>	<u>10,171,996</u>
Purchases	<u>42,690,791</u>	<u>29,600,847</u>
Interest on loans from shareholders (note 28)	<u>1,135,530</u>	<u>-</u>
Key managerial remuneration	<u>425,912</u>	<u>1,692,148</u>

f) Key managerial remuneration

The compensation of key management for the year is shown below:

Remuneration & other benefits	418,000	1,647,500
Post-employment benefits	<u>7,912</u>	<u>44,648</u>
	<u>425,912</u>	<u>1,692,148</u>



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

	<u>2024</u>	<u>2023</u>
13 Deposits		
Margin deposits	4,478,416	2,158,567
Term deposits with maturity period of more than three months	<u>4,905,297</u>	<u>7,599,576</u>
	<u><u>9,383,713</u></u>	<u><u>9,758,143</u></u>

Terms deposits are pledged against borrowing facility availed by the Entity (note 20).

14 Cash and bank balances		
Cash in hand	818,717	585,472
Cash at banks	<u>6,778,060</u>	<u>18,883,071</u>
	<u><u>7,596,777</u></u>	<u><u>19,468,543</u></u>

Management has concluded that the Expected Credit Loss (ECL) for all bank balances is immaterial as these balances are held with banks/financial institutions whose credit risk rating by international rating agencies has been assessed as low.

15 Share capital

Authorised, issued and paid up capital of the Entity is AED 1,000,000 divided into 1,000 shares of AED 1,000 each fully paid.

The details of the shareholding as at the reporting date are as follows:

<u>Name of shareholders</u>	<u>Domicile</u>	<u>Percentage</u>	<u>No. of shares</u>	<u>2024</u>	<u>2023</u>
M/s. Gandhar Oil Refinery (India) Limited	India	50.1	501	501,000	501,000
M/S. ESPE Petrochemicals FZC	U.A.E.	49.9	499	<u>499,000</u>	<u>499,000</u>
		<u>100</u>	<u>1,000</u>	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>

16 Statutory reserve	<u>2024</u>	<u>2023</u>
Balance at the end of the year	<u><u>500,000</u></u>	<u><u>500,000</u></u>

According to the Articles of Association of the Entity, 10% of annual net profits is allocated to the reserve. The transfer to reserve may be suspended, when the reserve reaches 50% of the paid capital. This reserve is not available for distribution.

17 Retained earnings	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	36,973,054	20,735,797
Profit for the year	20,986,817	17,737,257
Less: Dividends*	<u>(6,000,000)</u>	<u>(1,500,000)</u>
Balance at the end of the year	<u><u>51,959,871</u></u>	<u><u>36,973,054</u></u>

*This includes dividends amounting to AED 3 million pertaining to financial year 2022-2023 and AED 3 million pertaining to financial year 2023-2024. Out of these, dividends amounting to AED 1,497,000 pertaining to financial year 2023-2024 are payable as of the reporting date (note 22).

18 Shareholder's current account	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	26,209,990	26,236,564
Net movements during the year	<u>(26,209,990)</u>	<u>(26,574)</u>
Balance at the end of the year	<u><u>-</u></u>	<u><u>26,209,990</u></u>



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

18 Shareholder's current account (continued)

The above current account belongs to M/s. ESPE Petrochemicals FZC - U.A.E. and is subordinated to bank borrowings (note 20). Net movement during the year shown above includes AED 12,200,850 converted as loans from shareholders (note 12d).

	<u>2024</u>	<u>2023</u>
19 Employees' end of service benefits		
Balance at the beginning of the year	388,564	216,449
Add: Charge for the year	83,821	180,790
Less: Paid during the year	<u>(46,916)</u>	<u>(8,675)</u>
Balance at the end of the year	<u>425,469</u>	<u>388,564</u>

Amounts required to cover end of service indemnity at the separate condensed interim statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting period.

	<u>2024</u>	<u>2023</u>
20 Bank borrowings		
a) Term loan		
Balance at the beginning of the year	13,909,375	18,584,783
Less: Repaid during the year	<u>(13,909,375)</u>	<u>(4,675,408)</u>
Balance at the end of the year	<u>-</u>	<u>13,909,375</u>
Comprising:		
Current portion	-	5,885,972
Non-current portion	<u>-</u>	<u>8,023,403</u>
	<u>-</u>	<u>13,909,375</u>

The term loan was availed to finance the construction of office/factory buildings and improvements, storage tanks, plant and machinery and other fixed assets and has been fully repaid during the year.

b) Other bank borrowings		
Trust receipts	62,012,376	28,712,237
Cheque discounted	<u>3,344,250</u>	<u>-</u>
	<u>65,356,626</u>	<u>28,712,237</u>
Bank borrowings - current portion		
Term loan (refer a)	-	5,885,972
Other bank borrowings (refer b)	<u>65,356,626</u>	<u>28,712,237</u>
	<u>65,356,626</u>	<u>34,598,209</u>
Bank borrowings - non-current portion		
Term loan (refer a)	<u>-</u>	<u>8,023,403</u>
Total bank borrowings (a + b)	<u>65,356,626</u>	<u>42,621,612</u>

Bank borrowings are secured by:

- Corporate and personal guarantees of individual shareholders, Directors and related parties.
- Assignment of inventories and trade receivables (notes 9 & 10).
- Assignment of insurance in the name of a Director and a related party, leased rights, insurance policy covering factory premises, property, plant and equipment, receivables, inventories in favour of banks and subordination of shareholder's current account (note 18).



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

20 Bank Borrowings (continued)

Bank borrowings are secured by (continued):

- d) Mortgage and pledge over property, plant and equipment situated at Plot no. 2B-12 at Hamriyah Free Zone, Sharjah - U.A.E. (note 5).
e) Undated security cheques, promissory note and lien over term deposits (note 13).

	2024	2023
21 Lease liabilities		
Balance at the beginning of the year	12,892,283	12,680,134
Add: Interest charged during the year (note 28)	745,846	737,149
Less: Payments during the year	(700,000)	(525,000)
Balance at the end of the year	<u>12,938,129</u>	<u>12,892,283</u>
Comprising:		
Non-current portion	12,238,129	12,192,283
Current portion	<u>700,000</u>	<u>700,000</u>
	<u>12,938,129</u>	<u>12,892,283</u>

This represented present value of lease payments of leased plot, Plot no. 2B-12 in Hamriyah Free Zone, Sharjah - U.A.E. discounted at incremental borrowing rate of the Entity and are repayable by 2059.

	<u>Within 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
March 31, 2024				
Lease payments - undiscounted	700,000	4,100,000	26,100,000	30,900,000
Less: Finance charges	(748,552)	(3,739,260)	(13,474,060)	(17,961,872)
Net present value	<u>(48,552)</u>	<u>360,740</u>	<u>12,625,940</u>	<u>12,938,129</u>
March 31, 2023				
Lease payments - undiscounted	700,000	3,900,000	27,000,000	31,600,000
Less: Finance charges	(745,845)	(3,752,352)	(14,209,520)	(18,707,718)
Net present value	<u>(45,845)</u>	<u>147,648</u>	<u>12,790,480</u>	<u>12,892,283</u>

	<u>For the year ended March 31,</u>	
	2024	2023
Amounts recognised in statement of profit or loss:		
Interest on lease liabilities (note 28)	745,846	737,149
Depreciation expense (notes 7 & 24)	321,624	321,624
Net impact for the year	<u>1,067,470</u>	<u>1,058,773</u>

Amounts recognised in statement of cash flows:

Total cash outflows for leases	<u>700,000</u>	<u>525,000</u>
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22 Trade and other payables

	2024	2023
Trade payable - others	18,709,914	76,998,066
Trade payable - related parties (note 12c)	2,664,375	7,585,493
Advance received from customers	4,145,250	4,344,285
Provisions and accruals	2,220,978	929,461
Dividends payable (note 12c)	1,497,000	-
	<u>29,237,518</u>	<u>89,857,305</u>



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

	<u>For the year ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
23 Revenue		
Revenue from contracts with customers	<u>565,673,904</u>	<u>539,573,745</u>
23.1 Disaggregated revenue information		
Set out below is the disaggregation of the Entity's revenue from contracts with customers.		
<u>Segments</u>		
Type of revenue		
Sale of products	<u>565,673,904</u>	<u>539,573,745</u>
Total revenue from contracts with customers	<u>565,673,904</u>	<u>539,573,745</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>565,673,904</u>	<u>539,573,745</u>
Total revenue from contracts with customers	<u>565,673,904</u>	<u>539,573,745</u>
24 Cost of revenue		
Inventories at the beginning of the year	77,181,737	32,251,198
Purchases	503,635,521	530,720,982
Inventories at the end of the year (note 9)	<u>(73,303,724)</u>	<u>(77,181,737)</u>
Cost of material consumed	507,513,534	485,790,443
Carriage inward	3,830,384	3,910,745
Employee costs	2,674,289	2,146,896
Operating lease charges	3,557,358	2,389,317
Depreciation of property, plant and equipment (note 5)	1,566,624	1,368,833
Other direct costs	758,189	685,836
Utilities	1,825,609	1,599,170
Depreciation of right-of-use asset (note 7)	321,624	321,624
Repairs and maintenance	<u>105,423</u>	<u>208,721</u>
	<u>522,153,034</u>	<u>498,421,585</u>
25 Other income		
Foreign currency exchange gain	97,717	-
Interest income	312,953	29,229
Insurance claim received	<u>214,594</u>	<u>-</u>
	<u>625,264</u>	<u>29,229</u>



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

	For the year ended March 31,	
	2024	2023
26 Selling and distribution expenses		
Carriage outward	4,391,088	5,415,300
Employee costs	948,967	2,016,773
Sales promotion	1,000,757	1,388,664
Customs and documentation charges	889,537	1,243,082
Other expenses	401,125	238,037
Business travelling	401,945	621,396
	<u>8,033,419</u>	<u>10,923,252</u>
27 General and administration expenses		
Employee costs	2,942,208	3,168,360
Recruitment and visa charges	183,360	198,388
Professional charges	535,970	707,775
Depreciation of property, plant and equipment (note 5)	296,665	257,656
Insurance	322,344	278,152
Communication	256,610	247,801
Office expenses	202,197	173,911
Travelling	301,478	230,740
Foreign currency exchange loss	-	110,944
Other expenses	8,890	48,035
Allowance for expected credit loss (note 10)	220,000	500,000
Repairs and maintenance	140,144	119,493
Amortisation on intangible assets (note 8)	40,734	39,746
Loss on disposal of property, plant and equipment	-	4,913
Loss on write off of property, plant and equipment	-	5,000
	<u>5,450,600</u>	<u>6,090,914</u>
28 Finance costs		
Interest on:		
- Term loan (note 20)	752,286	1,119,861
- Trust receipts loans (note 20)	5,537,462	2,545,417
- Loans from shareholders (note 12d)	1,135,530	-
- Lease liabilities (note 21)	745,846	737,149
Bank charges	1,504,174	2,027,539
	<u>9,675,298</u>	<u>6,429,966</u>



Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

29 Financial instruments

a) *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 and financial liabilities are disclosed in note 4 to the separate financial statements.

b) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis*

	As at March 31,		As at March 31,	
	2024	2023	2024	2023
<i>Financial assets</i>	Carrying amount		Fair value	
Trade receivables	35,005,906	44,238,223	35,005,906	44,238,223
Other receivables	480,103	451,522	480,103	451,522
Due from related parties	4,915,903	1,193,847	4,915,903	1,193,847
Deposits	9,383,713	9,758,143	9,383,713	9,758,143
Cash and bank balances	7,596,777	19,468,543	7,596,777	19,468,543
	57,382,402	75,110,278	57,382,402	75,110,278
<i>Financial liabilities</i>				
Loans from shareholders	30,772,856	-	30,772,856	-
Bank borrowings	65,356,626	42,621,612	65,356,626	42,621,612
Trade and other payables	23,595,267	85,513,020	23,595,267	85,513,020
Lease liabilities	12,938,129	12,892,283	12,938,129	12,892,283
	132,662,878	141,026,915	132,662,878	141,026,915

Financial instruments comprise of financial assets and financial liabilities.

The fair values of financial assets and financial liabilities are included at the amount at which the instruments could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of trade receivables, other receivables, deposits, due from related parties and cash and bank balances. Financial liabilities consist of and trade and other payables, bank borrowings, loans from shareholders and lease liabilities.

As at the reporting date, financial assets and financial liabilities approximate their carrying values.

c) *Valuation premise for financial instruments that are not measured at fair value on recurring basis*

The following methods and assumptions were used to estimate the fair values:

Receivables are evaluated by the Entity based on parameters such as interest rates and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at reporting date, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The fair values of loans from banks and other financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

30 Financial risk management objectives

The Entity's management has set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity's policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) Foreign currency risk management

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

There are no significant exchange rate risks, as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirham.

b) Interest rate risk management

The Entity's exposure to the risk of changes in market interest rates relates primarily to the Entity's borrowings with floating interest rates. The Entity's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used for reporting interest rate risk internally to key management and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the Entity's profit for the year then ended would (decrease)/increase by AED 326,783 (2023: (decrease)/increase by AED 213,108).

c) Liquidity risk management

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

Liquidity and interest risk table:

The table on the following page summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements were shown on the following page:



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

30 Financial risk management objectives (continued)

c) *Liquidity risk management (continued)*

Liquidity and interest risk table (continued)

Particulars	Interest bearing			Non-Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	On demand or less than 3 months	Within 1 year	More than 1 year	
As at March 31, 2024							
Financial assets							
Trade receivables	-	-	-	-	35,005,906	-	35,005,906
Other receivables	-	-	-	-	480,103	-	480,103
Due from related parties	-	-	-	-	4,915,903	-	4,915,903
Deposits	-	9,383,713	-	-	-	-	9,383,713
Cash and bank balances	-	-	-	7,596,777	-	-	7,596,777
	-	9,383,713	-	7,596,777	40,401,912	-	57,382,402
Financial liabilities							
Lease liabilities	-	700,000	12,238,129	-	-	-	12,938,129
Trade and other payables	-	-	-	-	23,595,267	-	23,595,267
Loans from shareholders	-	2,502,520	28,270,336	-	-	-	30,772,856
Bank borrowings	-	65,356,626	-	-	-	-	65,356,626
	-	68,559,146	40,508,465	-	23,595,267	-	132,662,878
As at March 31, 2023							
Financial assets							
Trade receivables	-	-	-	-	44,238,223	-	44,238,223
Due from related parties	-	-	-	-	1,193,847	-	1,193,847
Other receivables	-	-	-	-	451,522	-	451,522
Deposits	-	9,758,143	-	-	-	-	9,758,143
Cash and bank balances	-	-	-	19,468,543	-	-	19,468,543
	-	9,758,143	-	19,468,543	45,883,592	-	75,110,278
Financial liabilities							
Lease liabilities	-	700,000	12,192,283	-	-	-	12,892,283
Trade and other payables	-	-	-	-	85,513,020	-	85,513,020
Bank borrowings	28,712,237	5,885,972	8,023,403	-	-	-	42,621,612
	28,712,237	6,585,972	20,215,686	-	85,513,020	-	141,026,915

d) *Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly and the Entity applies simplified approach under IFRS 9 to measure lifetime expected credit loss allowance on all of its trade receivables.

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details on trade and other receivables are disclosed in notes 10 and 11 to the separate financial statements.



Texol Lubritech FZC
Hamriyah Free Zone
Sharjah - United Arab Emirates

Notes to the separate financial statements for the year ended March 31, 2024
(In Arab Emirates Dirham)

30 Financial risk management objectives (continued)

d) *Credit risk management (continued)*

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the separate financial statements, which are net of impairment losses, represent the Entity's maximum exposure to credit risks.

31 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year. The Entity is not subject to any externally imposed capital requirements.

The capital structure of the Entity consists of equity comprising issued capital, reserve, retained earnings and shareholder's current account as disclosed in the separate financial statements.

32 Contingent liabilities

Letters of credit

Guarantees issued in favour of Hamriyah Free Zone Authority

<u>As at March 31,</u>	
<u>2024</u>	<u>2023</u>
-	18,317,401
<u>256,349</u>	<u>216,209</u>

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's separate financial statements as of reporting date.

33 Commitments

Construction of storage tanks

<u>As at March 31,</u>	
<u>2024</u>	<u>2023</u>
<u>107,500</u>	<u>384,778</u>

Except for the ongoing business obligations which are under normal course of business, there has been no other known commitment on Entity's separate financial statements as of reporting date.

34 Comparative figures

Certain figures for the previous year were regrouped/reclassified, wherever necessary, to conform to current year's presentation. However, such reclassifications do not have any impact on the Entity's previously reported financial result or equity.

