

# TITAN GLOBAL RETAIL L.L.C

FINANCIAL STATEMENTS AND REPORTS  
YEAR ENDED 31 MARCH 2024



# TITAN GLOBAL RETAIL L.L.C

## FINANCIAL STATEMENTS AND REPORTS YEAR ENDED 31 MARCH 2024

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# TITAN GLOBAL RETAIL L.L.C

## MANAGER'S REPORT FOR THE YEAR ENDED 31 MARCH 2024

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The Manager submits his report and financial statements for the year ended 31 March 2024. I approve the financial statements and confirm that I am responsible for these, including selecting the accounting policies and making the judgments underlying them. I confirm that I have made available all relevant accounting records and information for their compilation.

### Results and dividends

The loss for the year amounted to AED 29,226,298. In view of the losses, the Manager does not recommend any dividends for the year ended 31 March 2024.

### Review of the business

The principal activity of the Company is trading in jewellery, watches, spectacles and precious stones.

### Legal and regulatory requirements

The Company has complied with the applicable provisions of the UAE Federal Law No. (32) of 2021.

The losses of the Company exceeded 50% of its share capital. As required by Article 308 of the UAE Federal Law No. (32) of 2021, the Manager had called a General Meeting in which the shareholders had resolved that the Company shall continue its operations.

### Events since the end of the year

There are no significant events since the end of the year.

### Shareholders and their interests

The Shareholders at 31 March 2024 and their interests as at that date in the share capital of the Company were as follows:

Name	No. of shares	Amount (AED)
Titan Holdings International FZCO	299	299,000
Kuruvilla Markose	1	1,000
	<b>300</b>	<b>300,000</b>

### Independent auditor

PKF were appointed as independent auditor for the year ended 31 March 2024 and it is proposed that they be re-appointed for the year ending 31 March 2025.



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**MR. KURUVILLA MARKOSE**

Manager

26 April 2024



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of **TITAN GLOBAL RETAIL L.L.C**

#### Report on the Audit of the Financial Statements

##### **Opinion**

We have audited the financial statements of **TITAN GLOBAL RETAIL L.L.C** (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 significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

##### **Bases 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 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 ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), 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.

##### **Material Uncertainty Related to Going Concern**

We draw attention to note 2 (c) to the financial statements, which states that the Company incurred a loss of AED 29,226,298 for the year ended 31 March 2024 and at that date, the Company's losses aggregated to AED 70,253,183, its current liabilities exceeded its current assets by AED 86,323,258 and it had a net deficit of AED 69,953,183 in equity funds. The Company also has bank borrowings of AED 335,513,306 (note 18) which are due for repayment in next twelve months. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

However, the ultimate parent company has agreed to continue with the operations of the Company and has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

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**INDEPENDENT AUDITOR'S REPORT**

(continued)

***Other information***

Management is responsible for the other information. Other information comprises the Manager's report as required by the UAE Federal Law No. (32) of 2021, 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 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 the other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the UAE Federal 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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**INDEPENDENT AUDITOR'S REPORT**

(continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 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 represent the underlying transactions and events in a manner that gives a true and fair view.

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.

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**INDEPENDENT AUDITOR'S REPORT**

(continued)

**Report on Other Legal and Regulatory Requirements**

As required by the UAE Federal Law No. (32) of 2021, we report that:

- i) we have obtained all the information we considered necessary for the purpose of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the Manager's report is consistent with the books of account of the Company;
- v) the Company has not purchased or invested in any shares during the financial year ended 31 March 2024;
- vi) note 11 to the financial statements reflects material related party transactions and balances, and the terms under which they were conducted;
- vii) the Company has not made any social contributions during the financial year ended 31 March 2024; and
- viii) 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 UAE Federal Law No. (32) of 2021 or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 March 2024 and there are no penalties imposed on the Company. Further, as referred in note 2 (c) to the financial statements, since the losses of the Company exceeded 50% of its share capital, as required by Article 308 of the UAE Federal Law No. (32) of 2021, the Manager of the Company called a General Meeting in which the shareholders resolved to continue with the operations of the Company.

For **PKF****S.D. Pereira**

Partner

Registration no. 552

Dubai

United Arab Emirates

29 April 2024

# TITAN GLOBAL RETAIL L.L.C

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024 AED	2023 AED
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	6	35,454,268	16,897,203
Intangible assets	7	498,429	--
		<u>35,952,697</u>	<u>16,897,203</u>
<b>Current assets</b>			
Inventories	8	223,511,744	233,390,865
Trade and other receivables	9	80,919,443	3,596,053
Other current assets	10	13,147,847	5,715,804
Due from related parties	11	1,833,936	--
Other financial assets	12	--	1,000,000
Cash and cash equivalents	13	4,987,437	1,371,564
		<u>324,400,407</u>	<u>245,074,286</u>
<b>Total assets</b>		<u>360,353,104</u>	<u>261,971,489</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity funds</b>			
Share capital	14	300,000	300,000
Accumulated losses		(70,253,183)	(41,026,885)
<b>Deficit in equity funds</b>		<u>(69,953,183)</u>	<u>(40,726,885)</u>
<b>Non-current liabilities</b>			
Long-term borrowings	15	--	28,060,323
Provision for staff end-of-service benefits	16	558,424	238,231
Lease liabilities	17	19,024,198	6,575,223
		<u>19,582,622</u>	<u>34,873,777</u>
<b>Current liabilities</b>			
Short-term borrowings	18	335,513,306	121,681,838
Trade and other payables	19	35,431,325	125,102,676
Other current liabilities	20	6,641,352	1,567,476
Other financial liabilities	21	11,947,071	10,897,968
Due to related parties	11	11,292,512	5,644,702
Lease liabilities	17	9,898,099	2,929,937
		<u>410,723,665</u>	<u>267,824,597</u>
<b>Total liabilities</b>		<u>430,306,287</u>	<u>302,698,374</u>
<b>Total liabilities less deficit in equity funds</b>		<u>360,353,104</u>	<u>261,971,489</u>

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

The report of the independent auditor is set forth on pages 2 to 5.

Approved, authorised for issue by the shareholders on 26 April 2024 and signed on their behalf by Mr. Kuruvilla Markose.

For TITAN GLOBAL RETAIL L.L.C

MR. KURUVILLA MARKOSE  
MANAGER



# TITAN GLOBAL RETAIL L.L.C

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 AED	2023 AED
Revenue	23	325,013,373	157,788,918
Cost of sales		<u>(263,514,734)</u>	<u>(131,888,629)</u>
Gross profit		61,498,639	25,900,289
Other operating income	24	165,230	38,303
Administrative and selling expenses	25	(78,565,139)	(45,545,127)
Interest income	26	1,833,936	--
Finance costs	27	(14,158,964)	(6,992,680)
<b>LOSS FOR THE YEAR</b>		<u><u>(29,226,298)</u></u>	<u><u>(26,599,215)</u></u>
<b>Other comprehensive income:</b>			
Other comprehensive income for the year		<u><u>--</u></u>	<u><u>--</u></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>(29,226,298)</u></u>	<u><u>(26,599,215)</u></u>

The accompanying notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on pages 2 to 5.

# TITAN GLOBAL RETAIL L.L.C

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Share capital	Cash flow hedge reserves <sup>(a)</sup>	Accumulated losses	Total
	AED	AED	AED	AED
Balance at 1 April 2022	300,000	(1,290,757)	(14,427,670)	(15,418,427)
Total comprehensive income for the year	--	--	(26,599,215)	(26,599,215)
Transfer	--	1,290,757	--	1,290,757
Balance at 31 March 2023	300,000	--	(41,026,885)	(40,726,885)
Total comprehensive income for the year	--	--	(29,226,298)	(29,226,298)
Balance at 31 March 2024	<b>300,000</b>	--	<b>(70,253,183)</b>	<b>(69,953,183)</b>

a. The details of movements in cash flow hedge reserves were as follows:

	Cash flow hedge reserves AED
<i>Items that may be reclassified to profit or loss</i>	
Balance at 1 April 2022	(1,290,757)
Effective portion of loss on designated portion of hedging instruments	1,290,757
Balance at 31 March 2023 and 31 March 2024	--

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

The report of the independent auditor is set forth on pages 2 to 5.

# TITAN GLOBAL RETAIL L.L.C

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
<b>Cash flows from operating activities</b>		
Loss for the year	(29,226,298)	(26,599,215)
Adjustments for:		
Depreciation of property, plant and equipment	8,396,259	3,215,897
Amortisation of intangible assets	67,964	--
Finance costs	14,158,964	6,992,680
Interest Income	(1,833,936)	--
Provision for slow moving inventories	13,558,328	1,065,820
Provision for staff end-of-service benefits	320,193	145,034
	<u>5,441,474</u>	<u>(15,179,784)</u>
Changes in:		
- Inventories	(3,679,207)	(177,373,252)
- Trade and other receivables	(77,323,390)	(2,114,813)
- Other current assets	(7,432,043)	(3,434,513)
- Trade and other payables	(89,671,351)	94,438,030
- Other current liabilities	5,073,876	1,026,210
Net cash used in operating activities	<u>(167,590,641)</u>	<u>(102,638,122)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(3,618,575)	(5,560,789)
Decrease/(increase) in other financial assets	1,000,000	(1,000,000)
Payments for intangible assets	(566,393)	--
Net cash used in investing activities	<u>(3,184,968)</u>	<u>(6,560,789)</u>
<b>Cash flows from financing activities</b>		
Payment of lease liability (including interest)	(5,050,881)	(1,802,626)
Interest paid	(9,338,558)	(3,432,566)
Proceeds from bank loans	231,306,540	--
(Payment of)/proceeds from bank overdraft (net)	(17,475,072)	103,610,781
Receipt of loan from related party	111,223,565	--
Payment of related party loan	(139,283,888)	--
Receipts from related party (net)	1,960,673	--
Increase in other financial liabilities (net)	1,049,103	10,898,353
Net cash from financing activities	<u>174,391,482</u>	<u>109,273,942</u>
<b>Net increase in cash and cash equivalents</b>	<b>3,615,873</b>	<b>75,031</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,371,564</b>	<b>1,296,533</b>
<b>Cash and cash equivalents at end of the year (note 13)</b>	<b>4,987,437</b>	<b>1,371,564</b>

The accompanying notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on pages 2 to 5.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### 1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **TITAN GLOBAL RETAIL L.L.C** (the "Company") is a limited liability company registered in Dubai, United Arab Emirates, in accordance with the provisions of UAE Federal Law No. (2) of 2015, as amended (repealed by UAE Federal Law No. (32) of 2021). The registered office address is P.O. Box 371304, Dubai UAE. The Company was registered on 15 December 2019 and commenced its operations since then vide license no. 868455.
- b) These financial statements include the assets and liabilities and the results of operations of the following branches of the Company:

	<b>Branch Name</b>	<b>Date of incorporation</b>	<b>License/permit No.</b>
i	Titan Global Retail L.L.C (branch)	28-Dec-22	1118083
ii	Titan Global Retail L.L.C (branch)	27-Oct-23	813848
iii	Titan Global Retail L.L.C (branch)	28-Nov-23	1263881
iv	Titan Global Retail L.L.C (branch)	11-Jan-24	1289593
v	Titan Global Retail L.L.C (branch)	17-Oct-23	1196542
vi	Titan Global Retail L.L.C (branch)	31-Dec-20	925775
vii	Titan Global Retail L.L.C (branch)	20-Oct-20	894626
viii	Titan Global Retail L.L.C (branch)	24-Nov-21	981016
ix	Titan Global Retail L.L.C (-Branch of Abu Dhabi)	2-Oct-22	CN-4100344
x	Titan Global Retail L.L.C (branch)	29-Apr-22	1026049
xi	Titan Global Retail L.L.C (branch)	8-Oct-22	1040376
xii	Titan Global Retail L.L.C (branch)	30-Jun-23	804351
xiii	Titan Global Retail L.L.C (branch)	5-Dec-22	22692
xiv	Titan Global Retail L.L.C (branch)	18-Dec-23	1193610
xv	Titan Global Retail L.L.C (-Branch of Abu Dhabi)	11-Jan-20	CN-4525663
xvi	Titan Global Retail L.L.C (branch)	11-Jan-20	108058
xvii	Titan Global Retail L.L.C (branch)	11-Jan-20	1101830
xviii	Titan Global Retail L.L.C (branch)	11-Jan-20	1084270
xix	Titan Global Retail L.L.C (branch)	11-Jan-20	1084290
xx	Titan Global Retail L.L.C (branch)	11-Jan-20	28394
xxi	Titan Global Retail L.L.C (branch)	11-Jan-20	559814
xxii	Titan Global Retail L.L.C (branch)	11-Jan-20	554727
xxiii	Titan Global Retail L.L.C (branch)	11-Jan-20	1085950
xxiv	Titan Global Retail L.L.C (branch)	23-Jan-22	1021462
xxv	Titan Global Retail L.L.C (branch)	7-Aug-22	1191631
xxvi	Titan Global Retail L.L.C (branch)	8-Aug-22	1198930

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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	<b>Branch Name</b>	<b>Date of incorporation</b>	<b>License/permit No.</b>
xxvii	Titan Global Retail L.L.C (-Branch of Abu Dhabi)	19-Oct-22	CN-4648372
xxviii	Titan Global Retail L.L.C (branch)	18-Oct-22	1221830
xxix	Titan Global Retail L.L.C (branch)	17-Nov-22	555092
xxx	Titan Global Retail L.L.C (branch)	1-Dec-23	1276650
xxxi	Titan Global Retail L.L.C (branch)	28-Dec-22	1118083
xxxii	Titan Global Retail L.L.C (branch)	16-Feb-23	266800
xxxiii	Titan Global Retail L.L.C (branch)	20-Jul-23	6551494
xxxiv	Titan Global Retail L.L.C (branch)	9-Feb-23	560464
xxxv	Titan Global Retail L.L.C (branch)	27-Oct-23	813848
xxxvi	Titan Global Retail L.L.C (branch)	2-Feb-24	1289593

- c) The principal activity of the Company is trading in jewellery, watches, spectacles and precious stones.
- d) The parent company is Titan Holdings International FZCO, a company incorporated in Dubai, UAE and the ultimate parent company is Titan Company Limited, a public listed company having its registered office in Bangalore, India.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 April 2023 and the requirements of UAE Federal Law No. (32) of 2021.

### b) Basis of measurement

The financial statements are prepared using historical cost, except certain derivative financial instruments carried at fair value.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

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.

### c) Going concern

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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The Company incurred a loss of AED 29,226,298 for the year ended 31 March 2024 and at that date, the Company's losses aggregated to AED 70,253,183 its current liabilities exceeded its current assets by AED 86,323,258 and it had a net deficit of AED 69,953,183 in equity funds. The Company also has bank borrowings of AED 335,513,306 (note 18) which are due for repayment in next twelve months. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The parent company, Titan Holdings International FZCO is desirous of investing additional equity into the Company in the financial year ending 31 March 2025 amounting to USD 5,000,000 (AED 18,350,000) being 18,350 shares of AED 1,000 each. Further, the ultimate parent company has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

Further, since the losses of the Company exceeded 50% of the share capital, as required by Article 308 of the UAE Federal Law No. (32) of 2021, the Manager referred the matter in the General Meeting in which the shareholders resolved that the Company shall continue its operations.

### d) **Adoption of new International Financial Reporting Standards**

#### ***Standards, amendments, improvements and interpretations effective for the current year***

The following standards, amendments, improvements and interpretations which became effective for current period, did not have any significant impact on the Establishment's financial statements:

- IFRS 17 - Insurance Contracts
- Amendments to IFRS 17 - Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules
- Amendments to IAS 1 - Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangement
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

#### ***New and revised IFRSs in issue but not yet effective and not early adopted***

The following amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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- Amendments to IAS 21 - Lack of Exchangeability (1 January 2025)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely - Early adoption is permitted)
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures (Effective upon adoption by applicable regulatory)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Right-of-use-assets	5 years
Computers and servers	3 years
Equipment, tools and spares	5 years
Leasehold improvements	5 years
Office equipment	5 years

The Company has presented right-of-use assets representing the right to use the underlying assets under property, plant and equipment [Refer notes 3 (j) and 6].

Capital work-in-progress is stated at cost less any impairment losses and is not depreciated. This will be depreciated from the date the relevant assets are ready for use.

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 expenditure will flow to the Company and such cost can be measured reliably

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other income/expenses' in profit or loss.

**b) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of computer software is amortised over 3 years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

Intangible assets with indefinite useful lives are not amortised as the Company does not identify any foreseeable limit on the benefits embodied with such rights. Consequently, these are tested annually for impairment and carried at cost less accumulated impairment losses.

**c) Impairment of tangible and intangible assets**

At each reporting date, the management reviews the carrying amounts of its tangible assets (including right-of-use assets) 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 acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 (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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, 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 (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.



# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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d) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person.

The Company charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Irrecoverable VAT for which Company cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Company files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT Payable are offset and the net amount is reported in the statement of financial position as the Company has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

e) **Income and deferred tax**

Tax expense comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on temporary differences between the accounting base and the tax base for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements, except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax asset is recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Current tax and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

f) **Inventories**

Inventories (other than where hedge contracts have been entered into for quantities of gold and accounted for as fair value hedge) are stated at the lower of cost and net realisable value. Cost of jewellery, watches and eyewear is arrived at using specific identification method. The cost comprises invoice value plus applicable landing charges less discounts. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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g) **Staff benefits**

The Company provides staff end-of-service benefits to its non-UAE national employees as per the applicable local laws, the entitlement to these benefits is based on the employees' last drawn salary and length of services which is accrued over the period of employment. Provision for staff end of services benefits are disclosed as non-current liability.

Provision is also made for employees' entitlement to annual leave salary and air passage for eligible employees as per the policy of the Company. Provision relating to annual leave salary and air passage is disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

*Defined contribution plan*

U.A.E national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to Federal Labour Law no. 7 of 1999 and Federal Labour Law no. 52 of 2022. The Company is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees registered prior to 31 October 2023 are required to contribute 5% of the "contribution calculation salary" to the scheme whereas the employees registered after 31 October 2023 for the first time with General Pension and Social Security Authority (GPSSA) shall contribute 11%. The Government contributes 2.5% of the "contribution calculation salary" to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

h) **Statutory reserve**

In accordance with the U.A.E. Federal Law No. 32 of 2021 on Commercial Companies, the Company is required to establish a statutory reserve by appropriation of 5% of net profit until the reserve equals 50% of the share capital. The shareholders may resolve to discontinue such deduction when the reserve totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law. During the year, no transfer of statutory reserve has been made on account of loss incurred by the Company.

i) **Revenue recognition**

The Company is in the business of trading of jewellery, watches, spectacles and precious stones.

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

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

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a goods 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 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 Company 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 Company has an enforceable right to payment for performance completed to date.

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

### ***Sale of goods***

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, other similar charges. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.

### ***Interest income***

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

j) **Leases**

The Company leases office space. Rental contracts are typically made for period ranging from 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenant, however leased assets are not used as security for borrowing purposes.

*Right-of-use assets*

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial costs and
- restoration costs.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

*Lease liabilities*

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Company; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments and uses the incremental borrowing rate at the commencement date of the lease if the profit rate implicit in the lease is not readily determinable. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

### *Short-term leases*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

k) **Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and bank current accounts.

l) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

m) **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset up to the date the qualifying asset is ready for use.

n) **Provisions**

### *General*

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits 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 reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow 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, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

### *Assurance-type warranties*

A provision is recognised for expected warranty claims on goods sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all goods sold.

### o) **Contingencies and commitments**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

### p) **Current versus non-current classification**

The Company presents assets and liabilities in the 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 the normal operating cycle.
- Held primarily for the purpose of trading.
- 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 the normal operating cycle.
- It is held primarily for the purpose of trading.
- 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 Company classifies all other liabilities as non-current.

### q) **Financial instruments**

#### ***Classification***

On initial recognition, a financial asset is classified as measured at: amortised cost; debt investment at fair value through other comprehensive income; equity investment at fair value through other comprehensive income; or fair value through profit or loss.

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The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is referred to as the solely payments of principal and interest test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

### ***Recognition***

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

### ***Derecognition***

Financial assets are de-recognised when, and only when,

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

Financial liabilities are de-recognised when, and only when, they are extinguished i.e., when obligation specified in the contract is discharged, cancelled or expired.

### ***Measurement***

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income or at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

### ***Financial assets***

#### *Financial assets at amortised cost*

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of trade and other receivables, due from related parties, cash and cash equivalents and other financial assets.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments.

### ***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

#### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost comprise of trade and other payables, lease liabilities (current and non-current), due to related parties, other financial liabilities and borrowings (short-term and long-term).

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.



# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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Financial liabilities at fair value through profit or loss consists of derivative financial liabilities

### ***Impairment of financial assets***

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

- 12-month expected credit loss: expected credit loss that result from possible default events within 12 months after the reporting date; and
- Lifetime expected credit loss: expected credit losses that result from all possible default events over the expected life of a financial instrument.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses, except for the following which are measured as 12-month expected credit losses:

- Bank balances, other financial assets and other receivables for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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The Company considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 365 days past due.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. For financial assets carried at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the asset.

### ***Offsetting***

Financial assets and liabilities are offset and the net amount reported in the 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.

### ***Equity***

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

## r) **Derivatives financial instruments**

### *Derivatives that qualify for hedge accounting*

The management has applied hedge accounting for its derivative financial instruments. The management applies hedge accounting only if all of the following conditions are met:

- There is formal designation and written documentation at the inception of the hedge;
- The effectiveness of the hedging relationship can be measured reliably. This requires the fair value of the hedging instrument, and the fair value or cash flows of the hedged item with respect to the risk being hedged, to be reliably measurable;
- The hedge is expected to be highly effective in achieving fair value or cash flow offsets in accordance with the original documented risk management strategy; and
- The hedge is assessed and determined to be highly effective on an ongoing basis throughout the hedge relationship. A hedge is highly effective if changes in the fair value of the hedging instrument, and changes in the fair value or expected cash flows of the hedged item attributable to the hedged risk.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

At inception of the hedge, the management designates hedge either as a cash flow hedge or as a fair value hedge. The designation is done at inception of the hedge. At inception of the hedge, the management establishes formal documentation of the hedge relationship. The method an entity adopts depends on its risk management strategy and hedge accounting systems and practices. The method that will be used in measuring hedge effectiveness is specified in the hedge documentation.

The hedge documentation prepared at inception includes a description of the following:

- Risk management objective and strategy for undertaking the hedge;
- The nature of the risk being hedged;
- Clear identification of the hedged item the asset, liability, firm commitment or cash flows arising from a forecast transaction and the hedging instrument; and
- How hedge effectiveness will be assessed both prospectively and retrospectively. The entity describes the method and procedures in sufficient detail to establish a firm and consistent basis for measurement in subsequent periods for the particular hedge.

A hedging relationship meets the hedge effectiveness requirements if there is an economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate the value changes that result from the economic relationship and the hedge ratio of the hedging relationship is the same as that resulting from the quantities of the hedged item that the entity actually hedges and the hedging instrument used to hedge that quantity of hedged item.

In a fair value hedge, any ineffectiveness is automatically recognised in the consolidated statement of comprehensive income because changes in the measurement of both the hedging instrument and the hedged item are reported through the consolidated statement of comprehensive income except if the hedging instrument hedges an equity investment for which the management has elected to present changes in fair value in other comprehensive income.

s) **Fair value measurement**

The Company measures financial instruments, such as financial assets at fair value through profit or loss at fair value at each reporting date. The Company also discloses the fair value of financial instruments measured at amortised cost.

The 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:

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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

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

In addition, the fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 4. **SIGNIFICANT JUDGEMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

##### **Classification of financial assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

##### **Impairment**

At each reporting date, management conducts an assessment of property, plant and equipment (including right-of-use assets) and intangible assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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The Company applies expected credit loss model to measure loss allowance in case of financial assets on the basis of 12-month expected credit loss or Lifetime expected credit loss depending on credit risk characteristics and how changes in economic factors affect expected credit loss, which are determined on a probability-weighted basis.

### **Leases**

#### *Determining the lease term*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company 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.

#### *Discounting of lease payments*

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), which ranges from 4.11% to 6.40%, due to the absence of implicit rates in the lease contracts.

Management has applied judgments and estimates to determine the IBR, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. IBR is further adjusted for Company's specific risk, term risk and underlying asset risk. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

### **Recognition of revenue and allocation of transaction price**

#### *Identification of performance obligations*

The Company determined that the sale of goods is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods being sold.

#### *Determine timing of satisfaction of performance obligation*

For sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods

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The company concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has transferred to the customers.

### 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made 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 as follows:

#### **Carrying values of property, plant and equipment**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

#### **Inventory provisions**

Management regularly undertakes a review of the Company's inventory, stated at AED 238,135,892 (previous year AED 234,456,685) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

#### **Fair value of financial assets**

The fair values of financial instruments that are not traded on an active market are determined using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The key assumptions used and the impact of changes in these assumptions is provided in Note 3(s).

#### **Impairment**

Assessments of net recoverable amounts of property, plant and equipment (including right-of-use assets) and intangible assets is based on assumptions regarding future cash flows expected to be received from the related assets.

#### **Impairment of financial assets**

The loss allowance for financial assets is based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the 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 note 3(q).

#### **Deferred tax**

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### **Staff end-of-service benefits**

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 558,424 (previous year AED 238,231), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

### **Going concern assessment**

As at the reporting date, the Company has accumulated losses of AED 70,253,183, which is more than 50% of its share capital, and its current liabilities exceeded its current assets by AED 86,323,258. Notwithstanding these facts, the financial statements of the Company have been prepared on a going concern basis as the management of the Company believes that the future operations of the Company will generate sufficient profits and cashflows. Further, as required by Article 308 of the UAE Federal Law No. (32) of 2021, the shareholders resolved to continue its operations in the General Meeting.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 6. PROPERTY, PLANT AND EQUIPMENT

Cost	Capital	Right-of-use	Computers	Equipment,	Leasehold	Office	Total
	work-in- progress <sup>(a)</sup> AED	assets <sup>(b)</sup> AED	and servers AED	tools and spares AED	Improvements AED	equipment AED	AED
At 1 April 2022	480,586	9,667,446	151,690	248,516	1,582,431	143,035	12,273,704
Additions	2,975,557	5,074,968	172,648	119,091	1,666,479	627,014	10,635,757
At 31 March 2023	3,456,143	14,742,414	324,338	367,607	3,248,910	770,049	22,909,461
Additions	3,618,575	23,334,749	--	--	--	--	26,953,324
Transfer	(5,991,707)	--	271,419	1,006,282	3,854,336	859,670	--
At 31 March 2024	<b>1,083,011</b>	<b>38,077,163</b>	<b>595,757</b>	<b>1,373,889</b>	<b>7,103,246</b>	<b>1,629,719</b>	<b>49,862,785</b>
<b>Accumulated depreciation</b>							
At 1 April 2022	--	2,216,263	53,194	69,303	416,290	41,311	2,796,361
Depreciation	--	2,565,151	81,599	58,268	434,185	76,694	3,215,897
At 31 March 2023	--	4,781,414	134,793	127,571	850,475	118,005	6,012,258
Depreciation	--	6,666,254	167,626	158,931	1,142,386	261,062	8,396,259
At 31 March 2024	--	<b>11,447,668</b>	<b>302,419</b>	<b>286,502</b>	<b>1,992,861</b>	<b>379,067</b>	<b>14,408,517</b>
<b>Carrying amount</b>							
At 1 April 2022	480,586	7,451,183	98,496	179,213	1,166,141	101,724	9,477,343
At 31 March 2023	3,456,143	9,961,000	189,545	240,036	2,398,435	652,044	16,897,203
At 31 March 2024	<b>1,083,011</b>	<b>26,629,495</b>	<b>293,338</b>	<b>1,087,387</b>	<b>5,110,385</b>	<b>1,250,652</b>	<b>35,454,268</b>



# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

- a) Capital work-in-progress represent payment made towards renovation of stores. Related capital commitments are disclosed in note 29.
- b) It represents leasehold interest in retail stores premises capitalised as right-of-use assets [refer note 3(j)]. The leases are for period ranging from 1 to 5 years.

### 7. INTANGIBLE ASSETS

	<b>Computer software AED</b>
<b>Cost</b>	
At 1 April 2022 and 31 March 2023	--
Additions	566,393
At 31 March 2024	<u>566,393</u>
<b>Accumulated amortisation</b>	
At 1 April 2022 and 31 March 2023	--
Amortisation	67,964
At 31 March 2024	<u>67,964</u>
<b>Carrying amount</b>	
At 1 April 2022 and 31 March 2023	--
At 31 March 2024	<u>498,429</u>

	<b>2024 AED</b>	2023 AED
<b>8. INVENTORIES</b>		
Goods held-for-sale	238,135,892	234,456,685
Less: Provision for slow moving inventories	(14,624,148)	(1,065,820)
	<u>223,511,744</u>	<u>233,390,865</u>

A reconciliation of the movements in the provision for slow moving inventories is as follows:

Opening balance	1,065,820	--
Provision made during the year	13,558,328	1,065,820
Closing balance	<u>14,624,148</u>	<u>1,065,820</u>

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
<b>9. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	76,869,939	1,096,854
Staff advances	--	85,281
Deposits	1,895,114	1,648,370
Other receivables	2,154,390	765,548
	<u>80,919,443</u>	<u>3,596,053</u>

An age analysis of trade receivables is as follows:

0 - 1 year past due and not impaired	<u>76,869,939</u>	<u>1,096,854</u>
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The Company does not hold any collateral against trade receivables.

The information about credit exposure is disclosed in note 28.

<b>10. OTHER CURRENT ASSETS</b>		
Prepayments	5,773,057	1,277,422
Advances for goods and services	7,374,790	4,438,382
	<u>13,147,847</u>	<u>5,715,804</u>

### 11. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Name of related parties and description of relationship is as follows:

Name	Nature of Relationship
Titan Holding International FZCO	Parent Company
Titan Company Limited	Ultimate Parent Company
TCL North America Inc.	Company under common management
Titan International QFZ LLC	Company under common management
Mr. Kuruvilla Markose	Shareholder & Manager
Mr. Ashok Kumar Sonthalia	Director
Mr. Ajoy Hiro Chawla	Director

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

At the reporting date significant balances with related parties were as follows:

	Parent company	Ultimate parent company	Companies under common ownership and/or common management control	Total 31.03.2024	Total 31.03.2023
	AED	AED	AED	AED	AED
Trade and other receivables	--	--	76,479,586	76,479,586	--
Other receivables	1,000	--	--	1,000	1,000
Due from related parties	--	1,833,936	--	1,833,936	--
Trade and other payables	--	21,658,807	--	21,658,807	108,671,658
Due to related parties	--	10,655,415	637,097	11,292,512	5,644,702
Long-term borrowings	--	--	--	--	28,060,323
	28,060,323	--	--	--	28,060,323

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in notes 28.

Significant transactions with the ultimate parent company during the year were as follows:

	Ultimate parent company	Companies under common ownership and/or common management control	Total 31 .03.2024	Total 31 .03.2023
	AED	AED	AED	AED
Sales	--	76,479,586	76,479,586	--
Purchases	148,649,867	--	148,649,867	296,413,652
Finance costs	3,687,137	--	3,687,137	3,204,148
Interest Income	3,204,148	1,833,936	1,833,936	--
Commission expense on corporate guarantee	601,930	--	601,930	526,872
Professional and service charges (shared services)	526,872	--	242,833	243,957
	242,833	--	--	243,957

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
<b>12. OTHER FINANCIAL ASSETS</b>		
<b>Debt instruments at amortised cost:</b>		
Short term loan	--	1,000,000

The Company had provided unsecured loan to Ratnam Global Marketing Management (the “franchisee”) for establishing and operating its business. The interest rate charged on the loan was fixed at 4.75% p.a. and 6.5% p.a. for the period 24 November 2023 to 23 January 2023 and 23 January 2023 to 30 May 2024 respectively, as per the agreed terms. The loan has been fully repaid by the franchisee during the year.

<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	1,783,273	280,321
Bank balance in current accounts	3,204,164	1,091,243
	<u>4,987,437</u>	<u>1,371,564</u>

<b>14. SHARE CAPITAL</b>		
<b>Issued and paid up</b>		
300 shares of AED 1,000 each	300,000	300,000

The shareholders at 31 March 2024 and their interests as at that date in the share capital of the Company were as follows:

Name	No. of shares	AED
Titan Holdings International FZCO	299	299,000
Kuruvilla Markose	1	1,000
	<u>300</u>	<u>300,000</u>

<b>15. LONG-TERM BORROWING</b>		
Opening balance	28,060,323	28,060,323
Receipts during the year	111,223,565	--
Repayments during the year	(139,283,888)	--
Closing balance	--	28,060,323

This represented interest free long-term loan with no fixed repayment schedule obtained from Titan Holding International FZCO, the parent company. The loan has been fully repaid by the Company during the year.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
<b>16. PROVISION FOR STAFF END-OF-SERVICE BENEFITS</b>		
Opening balance	238,231	93,197
Provision made during the year	320,193	145,034
Closing balance	<u>558,424</u>	<u>238,231</u>
<b>17. LEASE LIABILITIES</b>		
Lease liabilities for long-term lease of retail store space	<u>28,922,297</u>	9,505,160
Disclosed in the statement of financial position as follows:		
Non-current liabilities	19,024,198	6,575,223
Current liabilities	9,898,099	2,929,937
	<u>28,922,297</u>	<u>9,505,160</u>
A reconciliation of the movements in the lease liabilities is as follows:		
Opening balance	9,505,160	5,876,852
Lease liabilities for the year	23,334,749	5,074,968
Finance cost for the year	1,133,269	355,966
Payments made during the year	(5,050,881)	(1,802,626)
Closing balance	<u>28,922,297</u>	<u>9,505,160</u>
A maturity analysis of undiscounted lease liabilities is as follows:		
0 – 6 months	4,196,470	1,819,501
6 months – 1 year	5,701,629	1,518,798
1 year – 5 years	19,431,564	7,029,503
<b>Total</b>	<u>29,329,663</u>	<u>10,367,802</u>
Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:		
Lease payments due	29,329,663	10,367,802
Less: Finance cost on leases	(407,366)	(862,642)
Disclosed in the statement of financial position	<u>28,922,297</u>	<u>9,505,160</u>

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
<b>18. SHORT-TERM BORROWINGS</b>		
Bank overdrafts	104,206,766	121,681,838
Bank loans	231,306,540	--
	<u>335,513,306</u>	<u>121,681,838</u>
An analysis by bank of amount outstanding is as follows		
Standard Chartered Bank <sup>(a)</sup>	104,206,766	121,681,838
MUFG Bank <sup>(b)</sup>	231,306,540	--
	<u>335,513,306</u>	<u>121,681,838</u>
(a)	The bank overdraft is obtained from Standard Chartered Bank and are secured by the corporate guarantees issued by the ultimate parent company.	
(b)	The bank loans are obtained from MUFG Bank and is secured by the corporate guarantees and letter of credits issued by the ultimate parent company.	
These loans are repayable in 3 tranches as given below:		
Tranche 1 amounting to AED 36,715,324 repayable on 19 June 2024.		
Tranche 2 amounting to AED 29,372,259 repayable on 17 June 2024.		
Tranche 3 amounting to AED 165,218,957 repayable on 19 April 2024.		
A maturity analysis of short-term bank borrowings is as follows:		
Overdrafts	104,206,766	121,681,838
0 - 1 months	165,218,957	--
1 – 3 months	66,087,583	--
Presented as current liabilities	<u>335,513,306</u>	<u>121,681,838</u>
<b>19. TRADE AND OTHER PAYABLES</b>		
Trade payables	29,685,604	115,036,285
Accruals	5,745,721	10,066,391
	<u>35,431,325</u>	<u>125,102,676</u>
The entire trade and other payables are due for payment within one year from the reporting date.		
<b>20. OTHER CURRENT LIABILITIES</b>		
Advance for goods and services	5,249,353	427,769
VAT payable (net)	1,359,012	1,139,707
Other current liabilities	32,987	--
	<u>6,641,352</u>	<u>1,567,476</u>
<b>21. OTHER FINANCIAL LIABILITIES</b>		
<b>Financial liabilities at fair value through profit or loss (FVTPL):</b>		
Derivative instruments <sup>(a)</sup>	11,947,071	10,897,968

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

- (a) Derivative instruments at fair value through profit or loss are forward contracts taken by the Company and carried at fair value as at the reporting date. These instruments are disclosed under current liability since the settlement date is within twelve months from the reporting date.

### 22. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

Capital comprises equity funds as presented in the statement of financial position together with loan from a shareholder. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is subject to externally imposed capital requirements as per provisions of the Article 308 of the UAE Federal Law No. (32) of 2021 and bank facilities availed. As referred in note 2 (c) to the financial statements, since the losses of the Company exceeded 50% of its share capital, the Manager referred the matter in the General meeting in which the shareholders have resolved to continue with the operations of the Company.

Funds generated from internal accruals together with funds received from related parties net of funds provided to related parties, if any are retained in the business, to limit bank borrowings within covenants and according to the business requirements and maintain capital at desired levels.

### 23. REVENUE

The Company generates revenue from the transfer of goods at a point in time. The disaggregated revenue from contracts with customers by geographical segments, type of goods and timing of recognition is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

	2024 AED	2023 AED
<b>Primary Geographical segments</b>		
- American countries	56,848,386	--
- United Arab Emirates	248,533,787	157,788,918
- Other Middle East countries	19,631,200	--
	<u>325,013,373</u>	<u>157,788,918</u>
<b>Type of goods</b>		
<i>Trading</i>		
- Jewellery	312,014,766	149,670,834
- Watches	10,900,613	7,681,755
- Spectacles	2,097,994	436,329
	<u>325,013,373</u>	<u>157,788,918</u>

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
<b>Timing of revenue recognition</b>		
- At a point in time	<u>325,013,373</u>	<u>157,788,918</u>
<b>24. OTHER OPERATING INCOME</b>		
After sales service income	153,298	37,908
Miscellaneous income	<u>11,932</u>	<u>395</u>
	<u>165,230</u>	<u>38,303</u>
<b>25. ADMINISTRATIVE AND SELLING EXPENSES</b>		
Staff salaries and benefits	12,749,897	6,873,539
Staff end-of-service gratuity	320,193	145,034
Depreciation of property, plant and equipment	8,396,259	3,215,897
Amortisation of intangible assets	67,964	--
Advertising and publicity expenses	23,624,457	19,102,657
Travel expenses	393,814	284,915
Provision for slow-moving inventories	13,558,328	1,065,820
Short-term lease expenses	2,029,231	1,569,003
Recruitment expenses	612,942	433,999
Commission expenses	8,569,010	7,517,835
Registration and License fees	1,055,760	608,740
Insurance expense	438,555	158,990
Professional and Legal services	935,604	658,853
Telephone expense	324,448	230,134
Courier charges	185,878	71,773
Repairs and Maintenance	180,569	117,976
Power fuel and water charges	154,262	124,933
Printing and Station	128,683	70,341
Other expenses	<u>4,839,285</u>	<u>3,294,688</u>
	<u>78,565,139</u>	<u>45,545,127</u>
<b>26. INTEREST INCOME</b>		
On overdue trade receivable balances	<u>1,833,936</u>	<u>--</u>
<b>27. FINANCE COSTS</b>		
On lease liabilities	1,133,269	355,966
On supplier balances	3,687,137	3,204,148
On bank borrowings	<u>9,338,558</u>	<u>3,432,566</u>
	<u>14,158,964</u>	<u>6,992,680</u>



# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

### 28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Financial instruments

#### *Classification and fair values*

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Fair value through profit or loss		At amortised cost	
	2024 AED	2023 AED	2024 AED	2023 AED
<b>Financial assets</b>				
Trade and other receivables	--	--	80,919,443	3,596,053
Other financial assets	--	--	--	1,000,000
Due from related parties	--	--	1,833,936	--
Cash and cash equivalents	--	--	4,987,437	1,371,564
	<u>--</u>	<u>--</u>	<u>87,740,816</u>	<u>5,967,617</u>
<b>Financial liabilities</b>				
Long-term borrowings	--	--	--	28,060,323
Short-term borrowings	--	--	335,513,306	121,681,838
Trade and other payables	--	--	35,431,325	125,102,676
Due to related parties	--	--	11,292,512	5,644,702
Other financial liabilities	11,947,071	10,897,968	--	--
Lease liabilities (current and non-current)	--	--	28,922,297	9,505,160
	<u>11,947,071</u>	<u>10,897,968</u>	<u>411,159,440</u>	<u>289,994,699</u>

#### *Fair value measurement and disclosures*

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables, other financial liabilities, current lease liabilities, and short-term borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

Interest-free shareholders' loans due to their terms have fair values lower than their carrying values.

The following methods and assumptions were used to determine the fair values of other financial liabilities:

Fair values of non-current lease liabilities is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liabilities, are not materially different from their fair values.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The following tables detail the Company's fair values of assets and liabilities measured and recognised at their fair value categorised by the following levels:

- Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1		Level 2		Level 3		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	AED	AED	AED	AED	AED	AED	AED	AED
Other financial liabilities	--	--	11,947,071	10,897,968	--	--	11,947,071	10,897,968

### Financial risk management

#### ***Risk management objectives***

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The Company's risk management focusses on actively securing short to medium term cash flows by minimising the exposure to financial markets.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including cash flow interest rate risks and fair value interest rate risks).

The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is managed by assessing the creditworthiness of potential customers and the Potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The Company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirhams is pegged.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank accounts, trade and other receivables and amount due from related parties.

The Company's bank accounts are placed with high credit quality financial institutions.

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on its borrowings.

The management assesses the credit risk arising from trade and other receivables and related parties taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, 99% of trade receivables was due from two customers (previous year 58% of trade receivables was due from one customer).

At the reporting date, the Company's trade receivable balances are from customers engaged in similar business in which the Company operates.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a number of balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Based on the assessment, the management believes that no impairment provision is required under IFRS 9.

### ***Liquidity risk***

Liquidity risk is the risk that the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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The table below summarises the maturities of the Company's undiscounted financial liabilities at the reporting date, based on contractual payment dates and current market interest rates.

# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

	Less than one year		One to five years		Over five years		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	AED	AED	AED	AED	AED	AED	AED	AED
Bank borrowings	335,513,306	121,681,838	--	--	--	--	335,513,306	121,681,838
Loan from related party	--	--	--	--	--	28,060,323	--	28,060,323
Trade and other payables Due to related parties	35,431,325	125,102,676	--	--	--	--	35,431,325	125,102,676
Lease liabilities	9,898,099	3,338,299	19,431,564	7,029,503	--	--	29,329,663	10,367,802

### **Market risk**

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

### **Currency risk**

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

### **Interest rate risk**

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

Bank overdraft and bank loan are subject to floating interest rates at levels generally obtained in the UAE or are linked to SOFR and are therefore exposed to cash flow interest rate risk.

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 3,355,133 higher or lower (previous year AED 1,216,818 resulting in equity being lower or higher by AED 3,355,133 (previous year AED 1,216,818)).

## 29. CAPITAL COMMITMENTS

For renovations of property, plant and equipment

**488,761**

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# TITAN GLOBAL RETAIL L.L.C

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### 30. COMPARATIVE INFORMATION

Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of the current period.

### 31. CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the 'CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law is effective for the financial years beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the accounting period beginning on or after 1 April 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial year ended 31 March 2024.

Based on the information available to date, the Company has assessed the deferred tax implications for the year ended 31 March 2024 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that deferred tax implications are not expected to be material.

The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.

For TITAN GLOBAL RETAIL L.L.C



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**MR. KURUVILLA MARKOSE**  
**MANAGER**