

TCPL MIDDLE EAST FZE

Financial Statements

31 March 2025

Registered Office:

Office No FZJOA2103
JAFZA One
Jebel Ali Free Zone
Dubai, U.A.E.

TCPL MIDDLE EAST FZE

Financial Statements

31 March 2025

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TCPL MIDDLE EAST FZE**Director's Report**

To
The Member,
TCPL Middle East FZE

Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2025 is as under:-

FINANCIAL HIGHLIGHTS

Your Company's performance is summarized below:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
	AED	AED
Sales	208,661,234	138,904,077
Cost of Sales	(199,963,061)	(133,328,262)
Gross Profit	8,698,173	5,575,815
Interest income from Bank	23,286	28,056
Expenses	(5,920,506)	(4,433,455)
Profit for the year before tax	2,800,953	1,170,416

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

The Company is registered to carry out activity of trading in paper & paper products, ink & printing material, plastic bags & containers and packing and packaging materials.

The future outlook of the Company is quite positive in general. During the period under review sales of the Company is AED 208,661,234 as compared to AED 138,904,077 for the previous year. The cost of sales is AED 199,963,061 and the profit for the year before tax is AED 2,800,953 as against AED 1,170,416 for the previous year.

DIVIDEND

No dividend is proposed by the Directors.

SUBSIDIARY AND ASSOCIATES COMPANY

The Company has no subsidiary and / or associate Company. TCPL Packaging Limited is the shareholder of the Company.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS

During the year under review, the Company has not given any loan to any other Company and there are no investments made by the Company.

SIGNIFICANT REGULATORY OR COURT ORDERS

During the year, there are no orders passed by the regulators or Courts or Tribunals which can adversely impact the going concern status of the Company and its operations in future.

DIRECTORS

During the year under review, Mr. Sunil Talati ceased to be Director of the Company with effect from January 22, 2025, pursuant to his cessation as Independent Director of holding Company. The Board places on record the appreciation for the support and guidance provided by Mr. Sunil Talati during his tenure as Director of the Company.

The Directors of the Company are Mr. Saket Kanoria, Mr. Paryank Shah, Mr. Rishav Kanoria and Mr. S G Nanavati.

Mr. Aniket Talati, Independent Director of TCPL Packaging Limited has been inducted in the Board subsequent to the reporting date with effect from May 16, 2025.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

SHARE CAPITAL

The shareholder as on March 31, 2025 and its interest as at the date, in the share capital of the Company is as follows

<i>Name of the Shareholder</i>	<i>Country of incorporation</i>	<i>Share Capital</i>	
		<i>Number of shares</i>	<i>Amount in AED</i>
TCPL Packaging Limited	India	200	200,000

INTERNAL FINANCIAL CONTROLS WITH RESPECT TO FINANCIAL STATEMENTS

Your Company remains committed to improve the effectiveness of internal financial controls and processes which would help in efficient conduct of its business operations, ensure security to its assets and timely preparation of reliable financial information. The internal financial controls with reference to the Financial Statements are adequate in the opinion of the Board of Directors. The Company has a proper system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

STATUTORY AUDITORS

M/s. KSI Shah & Associates., Chartered Accountants are Statutory Auditors of the Company. There is no audit qualification, reservation or adverse remark for the year under review. There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Board

ACKNOWLEDGMENT

The Directors express their sincere appreciation to the valued shareholder and bankers for their support.

FOR TCPL MIDDLE EAST FZE


Mr. Rishav Kanoria
Chairman

Date: 16 May 2025
Place: Dubai, U.A.E.¹²

Independent Auditors' Report to the Directors of TCPL MIDDLE EAST FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **TCPL MIDDLE EAST FZE** (the "Establishment"), which comprises of the statement of financial position as at 31 March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Establishment as of 31 March 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance 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 concluded 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 and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Establishment's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Establishment or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report to the Directors of TCPL MIDDLE EAST FZE

Report on the Audit of the Financial Statements (contd.)

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional 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 Establishment's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, proper books of account have been kept by the Establishment and the financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the Jebel Ali Free Zone Companies Implementing Regulations 2016 as amended or the articles of association of the Establishment have occurred during the year, which would have had a material effect on the business of the Establishment or on its financial position.

For KSI Shah & Associates
Dubai, U.A.E.

Signed by:

Sonal P. Shah (Registration No. 123)

16 May 2025



TCPL MIDDLE EAST FZE

Statement of Financial Position

At 31 March 2025

	<i>Notes</i>	<i>2025 AED</i>	<i>2024 AED</i>
ASSETS			
Non-current asset			
Fixed assets	6	62,579	46,624
Right-of-use asset	7	<u>7,637,809</u>	<u>-</u>
		<u>7,700,388</u>	<u>46,624</u>
Current assets			
Trade and other receivables	8	85,487,231	42,405,652
Prepayments		39,124	37,298
Cash and bank balances	9	<u>118,003</u>	<u>1,498,583</u>
		<u>85,644,358</u>	<u>43,941,533</u>
TOTAL ASSETS		<u>93,344,746</u>	<u>43,988,157</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	200,000	200,000
Accumulated profits		<u>4,488,220</u>	<u>1,687,267</u>
Total equity		<u>4,688,220</u>	<u>1,887,267</u>
Non - current liability			
Provision for staff end of service gratuity		108,865	61,636
Lease liability	11	<u>7,553,935</u>	<u>-</u>
		<u>7,662,800</u>	<u>61,636</u>
Current liabilities			
Trade and other payables	12	80,969,196	42,039,254
Lease liability	11	<u>24,530</u>	<u>-</u>
		<u>80,993,726</u>	<u>42,039,254</u>
TOTAL EQUITY AND LIABILITIES		<u>93,344,746</u>	<u>43,988,157</u>

The accompanying notes 1 to 22 form an integral part of these financial statements.

The Independent Auditors' Report is set forth on pages 3 - 4.

Approved by the Board of Directors on 16th May 2025 and signed on their behalf by:

FOR TCPL MIDDLE EAST FZE

Mr. Rishav Kanoria
Chairman

TCPL MIDDLE EAST FZE

Statement of Comprehensive Income
for the year ended 31 March 2025

	<i>Notes</i>	<i>2025 AED</i>	<i>2024 AED</i>
Sales	13	208,661,234	138,904,077
Cost of sales	14	<u>(199,963,061)</u>	<u>(133,328,262)</u>
Gross profit for the year		8,698,173	5,575,815
Interest income from bank		23,286	28,056
Expenses	15	<u>(5,920,506)</u>	<u>(4,433,455)</u>
Profit for the year before tax		2,800,953	1,170,416
Current income tax expense	21	<u>-</u>	<u>-</u>
Profit for the year after tax		2,800,953	1,170,416
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>2,800,953</u></u>	<u><u>1,170,416</u></u>

The accompanying notes 1 to 22 form an integral part of these financial statements.

TCPL MIDDLE EAST FZE**Statement of Changes in Equity**
for the year ended 31 March 2025

	<i>Share capital <u>AED</u></i>	<i>Accumulated profits <u>AED</u></i>	<i>Total <u>AED</u></i>
As at 31 March 2023	200,000	516,851	716,851
Profit for the year	<u>-</u>	<u>1,170,416</u>	<u>1,170,416</u>
As at 31 March 2024	200,000	1,687,267	1,887,267
Profit for the year after tax	<u>-</u>	<u>2,800,953</u>	<u>2,800,953</u>
As at 31 March 2025	<u>200,000</u>	<u>4,488,220</u>	<u>4,688,220</u>

The accompanying notes 1 to 22 form an integral part of these financial statements.

TCPL MIDDLE EAST FZE

Statement of Cash Flows
for the year ended 31 March 2025

	<i>Note</i>	2025 <u>AED</u>	2024 <u>AED</u>
<u>Cash flows from operating activities</u>			
Profit for the year before tax		2,800,953	1,170,416
Adjustments for:			
Depreciation		6,854	5,988
Interest income from bank		(23,286)	(28,056)
Provision for staff end of service gratuity		47,229	47,636
Operating profit before working capital changes		2,831,750	1,195,984
Changes in trade and other receivables		(43,081,579)	(10,374,139)
Changes in prepayments		(1,826)	935
Changes in trade and other payables		38,929,942	9,527,233
Net cash (used in)/from operating activities		<u>(1,321,713)</u>	<u>350,013</u>
<u>Cash flows from investing activities</u>			
Purchase of fixed assets		(22,809)	-
Interest income from bank		23,286	28,056
Changes in term deposits		1,000,000	(1,000,000)
Net cash generated from/(used in) investing activities		<u>1,000,477</u>	<u>(971,944)</u>
<u>Cash flows from financing activities</u>			
Lease liability paid		(59,344)	-
Net cash (used in) in financing activities		<u>(59,344)</u>	<u>-</u>
Net changes in cash and cash equivalents		(380,580)	(621,931)
Cash and cash equivalents at beginning of the year		<u>498,583</u>	<u>1,120,514</u>
Cash and cash equivalents at end of the year	17	<u>118,003</u>	<u>498,583</u>

The accompanying notes 1 to 22 form an integral part of these financial statements.

TCPL MIDDLE EAST FZE

Notes to the Financial Statements for the year ended 31 March 2025

1. Legal status and business activity

- a) TCPL MIDDLE EAST FZE ("The Establishment") is a free zone establishment incorporated on 03 March 2021 in Jebel Ali Free Zone, U.A.E, under the trade license No. 188312 which was effectively issued on 07 March 2021.
- b) The Establishment is registered to carry out activity of trading in paper and paper products, ink & printing material, plastic bags & containers and packing & packaging materials.

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 on or after 1 January 2024 and the applicable rules and regulations of the Jebel Ali Free Zone.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Establishment takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

c) Functional and presentation currency

These financial statements are presented in U.A.E. Dirhams, which is the Establishment's functional and presentation currency.

3. Use of estimates and judgments

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

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

Judgments made in applying accounting policies

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

Revenue from contracts with customers

Sale of goods

- **Timing for transfer of control of goods:**

In case of performance obligation satisfied at point in time, the control of goods is transferred, when physical delivery of the goods to the agreed location has occurred, as a result, the Establishment has a present right to payment and retains none of the significant risks and rewards of the goods.

TCPL MIDDLE EAST FZE

Notes to the Financial Statements for the year ended 31 March 2025

- **Financing components:**

The Establishment does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Establishment does not adjust any of the transaction prices for the time value of money.

- **Determining the transaction price:**

The Establishment's revenue is from sale of goods is derived from fixed price contracts with customers and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Based on the historical performance of the Establishment, it is highly probable that there will not be reversal of previously recognized revenue on account of the return of goods or volume rebates.

- **Allocating the transaction prices:**

There is a fixed unit price for each item sold to the customer. Therefore, there is no judgment involved in allocating the contract price to each unit ordered in contracts with customers. Where a customer orders more than one item, the Establishment is able to determine the split of the total contract price between each item by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

- **Provision of rights to return goods, volume rebates and other similar obligations**

The Establishment reviews its estimate of expected returns at each reporting date on basis of the historical data for the returns, rebates and other similar obligations and updates the amounts of the asset and liability accordingly.

Impairment of non-financial assets

At each reporting date, management conducts an assessment of fixed 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.

Financial assets at amortized cost

The Establishment classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

TCPL MIDDLE EAST FZE

Notes to the Financial Statements for the year ended 31 March 2025

Significant judgment in determining the lease term of contracts

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 applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After commencement date, the Company reassess the lease term if there is significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) option to renew.

Determination of incremental borrowing rate used to measure lease liability

The incremental borrowing rate of 4.40% per annum is used to discount lease payments. The carrying amount of lease liability over the lease period is discounted at the same rate that is applied at the time of the lease commencement / adoption of IFRS 16.

Key sources of estimation uncertainty and assumptions

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

Residual values of fixed assets

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.

Estimated useful life of fixed assets

Management determines the estimated useful lives and depreciation charge for its fixed assets at the time of addition of the assets and is reviewed on annual basis.

Provision for expected credit losses of trade receivables

The loss allowances for financial assets are 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 year.

Staff end-of-service gratuity

The Establishment computes the provision for the liability to staff end-of-service gratuity 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 affects.

Impairment of financial assets

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

Impairment of non-financial assets

Assessments of net recoverable amounts of fixed assets are based on assumptions regarding future cash flows expected to be received from the related assets.

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Notes to the Financial Statements for the year ended 31 March 2025

4. Adoption of new International Financial Reporting Standards

a) New and revised International Financial Reporting Standards

The following International Financial Reporting Standards (IFRSs), amendments and interpretations issued by IASB that became effective for the current reporting year:

- Amendments to IFRS 16 – Lease liability in a sale and leaseback.
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current.
- Amendments to IAS 1 - Non-current liabilities with Covenants.
- Amendments to IAS 7 and IFRS 7 -Supplier Finance Arrangements

During the current year, the management has adopted the above amendments to the extent applicable to them from their effective dates.

These amendments have no significant impact on the amounts reported in these financial statements. Their adoption has resulted in presentation and disclosure changes only.

b) International Financial Reporting Standards issued but not effective

Amendments to IAS 21 - Lack of Exchangeability. The effective date of the amendments is set for annual periods beginning on or after 1 January 2025.

Amendments to IFRS 9 and IFRS 7- Amendments to the classification and measurements of financial instruments. The effective date of the amendments is set for annual periods beginning on or after 1 January 2026.

IFRS 18 - Presentation and Disclosure in Financial Statements- The effective date of the standard is set for annual periods beginning on or after 1 January 2027.

IFRS 19 – Subsidiaries without public accountability: Disclosures- The effective date of the standard is set for annual periods beginning on or after 1 January 2027.

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

5. Significant accounting policies

a) Depreciation of fixed assets

The cost of fixed assets is depreciated by equal annual instalments over their estimated useful lives as under:

Furniture and fixtures	10 years
Office equipment	10 years
Computer hardware	3 years

No depreciation is charged on capital work-in-progress. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Depreciation on additions is calculated on a pro-rata basis from the month of additions and on deletion up to the month of deletion of the asset.

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Notes to the Financial Statements for the year ended 31 March 2025

b) Right-of-use assets

The Establishment recognises right of use assets at the commencement date of the lease (i.e., 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 remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Branch 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 lease term. Right of use assets are subject to impairment.

c) Financial instruments

i. Recognition and Initial measurement

The Establishment recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

ii. Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

Financial assets at amortized cost (debt instruments)

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortized cost less impairments, if any.

Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognized in the statement of profit and loss. Gains and losses are recognized in profit or loss when the asset is de-recognized, modified or impaired.

The Establishment's financial assets at amortized cost include trade and other receivables and cash and bank balances. Due to the short term nature of these financial assets, their carrying amounts are considered to be the same as their fair value.

iii. Classification and subsequent measurement of financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.
- Fair value through profit or loss (FVTPL) Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

The Establishment's financial liabilities include trade and other payables and lease liability. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to its short term nature.

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Notes to the Financial Statements for the year ended 31 March 2025

iv. Derecognition of financial assets and financial liabilities

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

- The contractual rights to receive cash flows expire or
- The Establishment 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
 - the Establishment has transferred substantially all the risks and rewards of the asset, or
 - the Establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

ii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

d) Impairment of financial assets

The Establishment 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 Establishment 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.

Expected credit losses are recognised in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade and other receivables, the Establishment applies a simplified approach in calculating expected credit losses. The Establishment does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date.

TCPL MIDDLE EAST FZE**Notes to the Financial Statements**
*for the year ended 31 March 2025***e) Foreign currency transactions**

Transactions in foreign currencies are converted into U.A.E. Dirhams at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the balance sheet date. Resulting gain or loss is taken to the Statement of comprehensive income.

f) Impairment of non-financial assets

The Establishment assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Establishment estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of comprehensive income.

g) Provision

Provisions are recognized when the Establishment has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

h) Leases*Lease liabilities*

At the commencement date of the lease, the Establishment recognizes lease liabilities measured at the 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 receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Establishment and payments of penalties for terminating a lease, if the lease term reflects the Establishment exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

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Notes to the Financial Statements for the year ended 31 March 2025

Lease liabilities (contd.)

In calculating the present value of lease payments, the Establishment uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, 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 fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Establishment applies the short-term lease recognition exemption to its short-term lease (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 recognized as expense on a straight-line basis over the lease term.

i) **Taxes**

Current income tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Establishment's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The establishment current tax liability for the year is determined under note 21 to these financial statements.

Value Added Tax

The revenue, expenses and assets are recognized net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

j) **Revenue recognition**

Sales of goods

The establishment is engaged in distribution & trading activity of packaging materials during the year.

Revenue from sale of goods is recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer or at the location specified by the customer and has been accepted by the customer and there is no unfulfilled obligation that could affect customer's acceptance of the goods. Delivery occurs when the goods have reached to the specific location, the risks of obsolescence and loss have been transferred to the customer or the Establishment has objective evidence that all criteria for acceptance have been satisfied.

The amount of revenue is shown as net of discounts, returns and other similar obligations as per the performance obligations determined as per the provisions of the contracts with customers.

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Notes to the Financial Statements for the year ended 31 March 2025

k) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

l) Dividend

Dividend is paid out of accumulated profits, when declared. During the year, the Establishment has neither declared nor paid any dividend.

6. Fixed assets	Capital work in progress ^a AED	Furniture and fixtures AED	Office equipment AED	Computer hardware AED	Total AED
Cost					
As at 01.04.2024	-	55,000	2,450	677	58,127
Addition during the year	20,000	-	-	2,809	22,809
As at 31.03.2025	<u>20,000</u>	<u>55,000</u>	<u>2,450</u>	<u>3,486</u>	<u>80,936</u>
Accumulated depreciation					
As at 01.04.2024	-	10,609	473	421	11,503
Charge for the year	-	5,501	245	1,108	6,854
As at 31.03.2025	<u>-</u>	<u>16,110</u>	<u>718</u>	<u>1,529</u>	<u>18,357</u>
Net book value					
As at 31.03.2025	<u>20,000</u>	<u>38,890</u>	<u>1,732</u>	<u>1,957</u>	<u>62,579</u>
As at 31.03.2024	<u>-</u>	<u>44,391</u>	<u>1,977</u>	<u>256</u>	<u>46,624</u>

Carrying value of the fixed assets as at 31 March 2025 approximates to their net book value.

^a Represents advance consultation fee paid against designing of the proposed industrial facility, office and allied services over plot # S10829, Jebal Ali Free Zone, Dubai, U.A.E.

7. Right-of-use asset	AED
Cost	
As at 01.04.2024	-
Addition during the year (refer note 11)	7,637,809
As at 31.03.2025	<u>7,637,809</u>
Accumulated depreciation	
As at 01.04.2024	-
Charge for the year	-
As at 31.03.2025	<u>-</u>
Net book value	
As at 31.03.2025	<u>7,637,809</u>
As at 31.03.2024	<u>-</u>

The Establishment has entered into long term lease agreement for land located at plot # S10829, Jebal Ali Free Zone, Dubai, U.A.E. The duration of lease is 20 years beginning from 17 March 2025. The Establishment has applied IFRS 16 for this lease.

TCPL MIDDLE EAST FZE

Notes to the Financial Statements
for the year ended 31 March 2025

	2025 <u>AED</u>	2024 <u>AED</u>
8. Trade and other receivables		
Trade receivables ^a	85,367,131	40,970,069
Other receivables	112,937	1,428,420
Deposits	<u>7,163</u>	<u>7,163</u>
	<u>85,487,231</u>	<u>42,405,652</u>
<i>^a Trade receivable Ageing:</i>		
30 Days	42,577,974	12,718,983
31-60 Days	21,410,735	13,407,824
61-90 Days	9,763,648	8,117,647
91-120 Days	4,698,444	4,587,410
121-365 Days	6,854,512	2,138,205
Above 365 days	<u>61,818</u>	<u>-</u>
	<u>85,367,131</u>	<u>40,970,069</u>
9. Cash and bank balances		
Cash in hand	973	298
Bank balances in current accounts	117,030	498,285
Term deposits	<u>-</u>	<u>1,000,000</u>
	<u>118,003</u>	<u>1,498,583</u>
10. Share capital		
Authorized, issued and subscribed capital	<u>200,000</u>	<u>200,000</u>
200 shares of nominal value of AED 1,000/- each		
11. Lease liability		
Opening balance	-	-
Addition during the year (refer note 7)	7,637,809	-
Payments during the year	<u>(59,344)</u>	<u>-</u>
	<u>7,578,465</u>	<u>-</u>
Presented on statement of financial position as follows:		
Current portion	24,530	-
Non-current portion	<u>7,553,935</u>	<u>-</u>
	<u>7,578,465</u>	<u>-</u>
12. Trade and other payables		
Trade payables (refer note 16)	80,589,679	41,420,776
Other payables	4,876	22,866
Provision for leave salary	19,956	16,812
Accruals and provisions (refer note 16)	<u>354,685</u>	<u>578,800</u>
	<u>80,969,196</u>	<u>42,039,254</u>
13. Sales		
Sales of packing materials	<u>208,661,234</u>	<u>138,904,077</u>

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Notes to the Financial Statements
for the year ended 31 March 2025

	2025 <u>AED</u>	2024 <u>AED</u>
14. Cost of sales		
Purchase of packing materials (<i>refer note 16</i>)	199,963,061	133,319,549
Other direct cost	-	8,713
	<u>199,963,061</u>	<u>133,328,262</u>

15. Expenses		
Salaries and benefits (<i>refer note 16</i>)	1,200,495	1,070,567
Rent expense	71,662	72,376
Depreciation (<i>refer note 6</i>)	6,854	5,988
Marketing expense	3,646,817	2,752,241
Other administrative expenses	<u>994,678</u>	<u>532,283</u>
	<u>5,920,506</u>	<u>4,433,455</u>

16. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Establishment, if the Establishment has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making that party's financial and operating decisions, or vice versa, or where the Establishment and the party are subject to common control and includes where the Establishment has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. Related party may be individuals or other Establishment.

The nature and amount of significant transactions during the year are as under:

	2025 <u>AED</u> <i>Key</i> <i>personnel</i>	2025 <u>AED</u> <i>Parent</i> <i>company</i>	2025 <u>AED</u> <i>Total</i>	2024 <u>AED</u> <i>Total</i>
Purchase of packing material (<i>note 14</i>)		199,963,061	199,963,061	133,319,549
Salaries and benefits (<i>note 15</i>)	953,008	-	953,008	600,000

As on the reporting date, the balances with related party are as follows:

	2025 <u>AED</u> <i>Key</i> <i>personnel</i>	2025 <u>AED</u> <i>Parent</i> <i>company</i>	2025 <u>AED</u> <i>Total</i>	2024 <u>AED</u> <i>Total</i>
Included in current liabilities:				
<u>Trade and other payables:</u>				
Trade payables (<i>note 12</i>)	-	80,589,679	80,589,679	41,420,776
Accruals and provisions (<i>note 12</i>)	16,461	-	16,461	50,000

	2025 <u>AED</u>	2024 <u>AED</u>
17. Cash and cash equivalents		
Cash in hand	973	298
Bank balances in current accounts	<u>117,030</u>	<u>498,285</u>
	<u>118,003</u>	<u>498,583</u>

TCPL MIDDLE EAST FZE

Notes to the Financial Statements for the year ended 31 March 2025

18. Financial instruments: Credit, interest rate, liquidity risk and exchange rate risk exposures

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

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the Establishment to concentrations of credit risk comprise principally of trade and other receivable and bank balances.

Trade receivables

As at 31 March 2025, the Establishment's maximum and significant exposure to credit risk from trade receivable within U.A.E. amounted to AED 80,488,361 due from two customers (*previous year AED 36,749,169 due from two customers*)

There was no significant concentration of credit risk from trade receivables situated outside U.A.E. or outside industry as on the reporting date.

Bank balances

The Establishment's bank balance in current accounts and term deposit is placed with high credit quality financial institutions.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as exchange rate risk, interest rate risk or other price risk, which will affect the Establishment's income or the value of its holding of financial instruments.

Interest rate risk

Since the Establishment has no deposits or borrowings as in the reporting date, interest rate risk is minimum.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in U.A.E. Dirham or US Dollars to which U.A.E. Dirham is fixed.

c) Liquidity risk

Liquidity risk is the risk that the Establishment will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the owners and the management who ensure that sufficient funds are made available to the Establishment to meet any future commitments.

TCPL MIDDLE EAST FZE**Notes to the Financial Statements**
*for the year ended 31 March 2025***19. Financial instruments: Fair values**

The fair values of the Establishment's financial assets, comprising of trade and other receivables and bank balances and financial liabilities comprising of trade and other payables and lease liability that approximate to their carrying values.

20. Contingent liability

There was no contingent liability of a significant amount outstanding as at the reporting date.

21. Taxation

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Establishment's accounting year ends on 31 March 2025, the first tax period will be the period from 1 April 2024 to 31 March 2025, with the respective tax return to be filed on or before 31 December 2025.

A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding this threshold and a rate of 0% on qualifying income of free zone entities.

The Establishment has assessed its corporate tax position and since it fulfils all conditions as required by Cabinet Decision No. 100 of 2023 on Determining Qualifying Income for the Qualifying Free Zone Person for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, accordingly corporate tax rate of 0% applies to the Establishment. Hence, as confirmed by the management, there is no possible impact on the financial statements, both from current and deferred tax perspective.

22. Comparative figures

Previous year's figures have been regrouped/ reclassified wherever necessary to conform to the presentation adopted in the current year.