

IOC MIDDLE EAST FZE
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025


	Note	31.03.2025	31.03.2024
		AED	AED
Assets			
<i>Non-current asset</i>			
Property and equipment	4	36,424	44,569
<i>Current assets</i>			
Inventories	6	56,065	33,029
Trade and other receivables	7	900,707	1,197,476
Other current financial assets	8	4,593,275	17,612,926
Cash and cash equivalents	9	14,269,850	1,419,342
Total current assets		19,819,897	20,262,773
Total assets		19,856,321	20,307,342
Shareholder's equity and liabilities			
<i>Shareholder's equity</i>			
Share capital	10	3,550,500	3,000,000
Retained earnings		13,399,914	14,208,611
Total shareholder's equity		16,950,414	17,208,611
<i>Non-current liability</i>			
Provision for employees' end of service benefits	11	160,014	150,014
<i>Current liabilities</i>			
Trade and other payables	12	2,455,686	2,234,541
Due to a related party	13	290,207	714,176
Total current liabilities		2,745,893	2,948,717
Total liabilities		2,905,907	3,098,731
Total shareholder's equity and liabilities		19,856,321	20,307,342

The accompanying notes on pages 9 to 26 form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 4.

Authorised for issue by the Board of Directors on 16 April 2025.

For IOC Middle East FZE


Sachin Sharma
Managing Director



IOC MIDDLE EAST FZE
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	<u>31.03.2025</u> <u>AED</u>	<u>31.03.2024</u> <u>AED</u>
Revenue	14	8,273,731	6,104,694
Cost of sales	15	<u>(7,115,544)</u>	<u>(5,497,918)</u>
Gross profit		1,158,187	606,776
Other income	16	1,262,681	1,057,026
Administrative expenses	17	<u>(2,491,304)</u>	<u>(2,316,846)</u>
Marketing and branding expenses	18	<u>(187,761)</u>	<u>(88,068)</u>
Loss from operating activities		<u>(258,197)</u>	<u>(741,112)</u>
Share of loss in joint venture	5	<u>(550,500)</u>	<u>(202,709)</u>
Loss for the year		<u>(808,697)</u>	<u>(943,821)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(808,697)</u>	<u>(943,821)</u>

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IOC MIDDLE EAST FZE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	<u>Share capital</u> <u>AED</u>	<u>Retained earnings</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Balance as at 1 April 2023	2,500,000	15,652,432	18,152,432
Total comprehensive income for the year	-	(943,821)	(943,821)
Addition during the year (Note 10)	500,000	(500,000)	-
Balance as at 31 March 2024	3,000,000	14,208,611	17,208,611
Total comprehensive income for the year	-	(808,697)	(808,697)
Addition during the year (Note 10)	550,500	-	550,500
Balance as at 31 March 2025	3,550,500	13,399,914	16,950,414

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IOC MIDDLE EAST FZE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Cash flows from operating activities		
Loss for the year	(808,697)	(943,821)
Adjustments for:		
Share of loss in joint venture	550,500	202,709
Provision for employees' end of service benefits	10,000	10,027
Depreciation on property and equipment	16,414	13,694
Interest income	(839,852)	(553,242)
Operating cash flows before changes in working capital	(1,071,635)	(1,270,633)
Increase in inventories	(23,036)	(10,540)
Decrease in trade and other receivables	296,769	2,915,223
(Decrease)/increase in due to a related party	(423,969)	492,453
Increase/(decrease) in trade and other payables	221,145	(1,708,432)
Net cash (used in)/generated from operating activities	(1,000,726)	418,071
Cash flows from investing activities		
Purchase of property and equipment	(8,269)	(33,260)
Decrease/(increase) in other current financial assets	13,019,651	(481,204)
Interest income received	839,852	305,319
Investment in joint venture	(550,500)	-
Net cash generated from/(used in) investing activities	13,300,734	(209,145)
Cash flows from financing activity		
Share capital introduced	550,500	-
Net cash generated from financing activity	550,500	-
Net increase in cash and cash equivalents	12,850,508	208,926
Cash and cash equivalents at beginning of year	1,419,342	1,210,416
Cash and cash equivalents at end of year (Note 9)	<u>14,269,850</u>	<u>1,419,342</u>

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IOC MIDDLE EAST FZE
FINANCIAL STATEMENTS AND REPORTS
FOR THE YEAR ENDED 31 MARCH 2025

1. GENERAL INFORMATION

IOC Middle East FZE ('the Company') was initially formed and registered with the Jebel Ali Free Zone Authority, Dubai, United Arab Emirates on 19 April 2006 as a Free Zone Limited Liability Company under the name IOCL Trading FZE, under license No. 6863 pursuant to Laws and Regulations applicable to free zone entities. On 11 June 2006, the name was amended to IOC Middle East FZE.

The registered office of the Company is Office No : LB14329 P.O. Box : 261338, Jebel Ali, Dubai, United Arab Emirates.

The principal activity of the Company is trading in crude oil abroad, lubricants & grease, tar & asphalt, petrochemicals and refined oil products abroad.

The immediate parent and ultimate holding company of the Company is Indian Oil Corporation Limited, India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are presented in United Arab Emirates Dirhams (AED) and all values are rounded to the nearest United Arab Emirate Dirham. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.3 Adoption of new and revised International Financial Reporting Standards

The following new and revised Standards including amendments thereto and Interpretations which became effective for the current reporting period have been adopted, wherever applicable. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

Amendment 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 7 and IFRS 7 - Supplier Finance Arrangements

The following Standards, amendments thereto and interpretations have been issued prior to 31 March 2025 but have not been applied in these financial statements as their effective dates of adoption are for future periods. It is anticipated that their adoption in the relevant accounting periods will have impact only on disclosures within the financial statements.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Date to be determined

Amendments to IAS 21 - Lack of Exchangeability - 1 January 2025



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Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments - 1 January 2026

IFRS 18 - Presentation and Disclosure in Financial Statements - 1 January 2027

IFRS 19 - Subsidiaries without Public Accountability: Disclosures - 1 January 2027

2.4 Foreign currencies

(a) Functional and presentation currency

The financial statements are prepared and the items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in U.A.E. Dirhams, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at each reporting date are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.5 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and identified impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items including installation costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss during the reporting period in which they are incurred.

The depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Furniture & fixtures	4
Office equipment	4

The assets' residual values and useful lives are reviewed at each reporting date, with the effect of any changes in estimates adjusted on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



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The gains or losses arising on the disposal or retirement of an item of property and equipment is determined by comparing the disposal proceeds with the carrying amount of the asset and is recognised in the profit or loss.

2.6 Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investment in joint venture is accounted for at cost less impairment losses, if any. Subsequently the results and assets and liabilities of joint venture is incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the joint venture. When the Company's share of losses of a joint venture exceeds the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company discontinues recognising its share of further losses.

2.7 Leases

The Company as a lessee

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

2.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventory is determined on weighted average basis and includes expenditure incurred in acquiring the inventory and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of marketing and selling expenses.

2.9 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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 Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.



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Recoverable amount is the higher of fair value less costs to sell and value in use.

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 the 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the 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.

2.10 Financial instruments

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

Financial assets and financial liabilities (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets

A financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; fair value through other comprehensive income ("FVTOCI") – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are; solely; payments of principal and interest on the outstanding principal amount.

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method and is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.



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On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the sum of consideration paid and payable is recognised in profit or loss.

2.11 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model which requires considerable judgement in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. IFRS 9 requires the Company to record an allowance for ECLs for all financial assets at amortised cost, debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The Company has three types of financial assets that are subject to IFRS 9's expected credit loss model:

- Trade and other receivables (excluding prepayments and advance to suppliers),
- Other current financial assets, and
- Cash and cash equivalents.

While the above financial assets are subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial, except for trade receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

12-month ECLs: these are ECLs that result from possible default within 12 months after the reporting date; and

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has applied the standard's simplified approach for trade receivables and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

ECLs 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. The shortfall is then discounted at an approximation to the asset's original effective interest rate.



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The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and other short-term highly liquid investments with a maturity date of three months or less from the date of investment, net of temporary bank overdrafts.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognised in the profit or loss, net of any reimbursement.

2.14 Value Added Tax (VAT) payable/receivable

Value added tax (VAT) payable/receivable represents net VAT amount payable to or receivable from the U.A.E. Federal Tax Authority against the value added tax charged to the customers by the Company on its sales and services and the value added tax charged by the suppliers to the Company on its purchases and expenses as per the regulations of Federal Decree Law No. 8 and Cabinet Decision No. 52 of 2017 of United Arab Emirates.

2.15 Provision for employees' end of service benefits

Provision for employees' end of service benefits is made in accordance with the U.A.E. Labour law, and is based on current remuneration and periods of service at the end of the reporting period.

2.16 Corporate tax

The corporate tax expense represents the sum of the current tax payable and deferred tax.

Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income.

Current tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates as at the balance sheet date that are anticipated to apply to taxable income in the years in which temporary differences are anticipated to be recovered or settled.



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Changes to these balances are recognized in the statement of profit or loss or in other comprehensive income in the period they occur. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.17 Revenue recognition

The details of accounting policy in relation to the Company's recognition of revenue from sale of goods are set out below.

Revenue is recognised when a customer obtains control of the goods. Determining the timing of the transfer of control, at a point in time or over time, requires judgement. The Company recognises revenue from sale of goods based on a five-step model as set out in IFRS 15:

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

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods to the customer.

Step 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.

Step 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.

Step 5. Recognise revenue when (or as) the Company satisfies a performance obligation.

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

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. 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.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.



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When the Company satisfies a performance obligation by delivering the promised goods, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is recognised based on the following specified recognition criteria:

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of goods and issuance of the invoices to customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

Commission income

The commission income represents the income on sale orders procured for third parties. This income is recognised in the books when the order is completed and on issuance of commission invoice.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

a) Depreciation of property and equipment

Management assigns useful lives and residual values to property and equipment based on the intended use and the economic lives of those assets. Subsequent changes in circumstances could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

b) Impairment of non-financial assets

Assessments of net recoverable amounts of property and equipment and other non-financial assets are based on assumptions regarding future cash flows expected to be received from the related assets.



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c) Inventory provisions

The Company reviews the carrying amounts of the inventories at each reporting date and assesses the likely realisation proceeds taken into account, the age of inventory, estimated future demand for various items in the inventory, physical damage etc. Based on the assessment, adequate provisions are made.

d) Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

e) Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

f) Calculation of loss allowance

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

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.



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NOTES TO THE FINANCIAL STATEMENTS
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4. PROPERTY AND EQUIPMENT

	<u>Furniture & fixtures</u> <u>AED</u>	<u>Office equipment</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Cost			
At 1 April 2023	139,474	69,429	208,903
Addition	33,260	-	33,260
At 31 March 2024	172,734	69,429	242,163
Addition	-	8,269	8,269
At 31 March 2025	172,734	77,698	250,432
Accumulated depreciation			
At 1 April 2023	122,285	61,615	183,900
Charge for the year (Note 17)	10,697	2,997	13,694
At 31 March 2024	132,982	64,612	197,594
Charge for the year (Note 17)	13,515	2,899	16,414
At 31 March 2025	146,497	67,511	214,008
Carrying amount			
At 31 March 2025	26,237	10,187	36,424
At 31 March 2024	39,752	4,817	44,569



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5. INVESTMENT IN JOINT VENTURE

At cost:	% of shareholding	<u>31.03.2025</u> <u>AED</u>	<u>31.03.2024</u> <u>AED</u>
<i>Beximco IOC Petroleum & Energy Limited</i>	50%		
Balance at the beginning of the year		-	202,709
Addition during the year (Note 13)		550,500	-
Share of loss recognised during the year (Note 13)		(550,500)	(202,709)
Balance at the end of the year		-	-

The Company had invested in 50% of the share capital of Beximco IOC Petroleum & Energy Limited, a company incorporated in Bangladesh on 28 September 2020. The Company has joint control over the venture along with RR Holdings Limited, a company incorporated in United Arab Emirates.

Summary of joint venture's financial information:

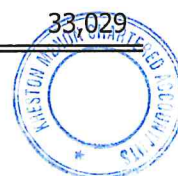
	<u>31.03.2025</u> <u>AED</u>	<u>31.03.2024</u> <u>AED</u>
Non-current assets	3,187	37,063
Current assets	466,223	9,613
Current liabilities	(919,773)	(689,510)
Net equity/(deficit)	(450,363)	(642,834)
Company's share of net equity/(deficit)	(225,181)	(321,417)
Joint venture's financial results:		
Loss of joint venture for the year	(921,635)	(1,034,467)
Company's share of loss is as follows:		
Share of loss in joint venture for the year	(460,817)	(517,234)
Unabsorbed loss of previous year charged during the year	(314,525)	-
Unabsorbed loss for the year	224,841	314,525
Share of loss in joint venture recognised during the year	(550,500)	(202,709)

The share of loss is recognised only to the extent of investment, where the investment is reduced to zero. If the joint venture subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The licensed activities of the joint venture are to develop, build, acquire, install, construct, own and operate petroleum and energy related projects.

6. INVENTORIES

	<u>31.03.2025</u> <u>AED</u>	<u>31.03.2024</u> <u>AED</u>
Packing materials (Note 15)	56,065	33,029



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7. TRADE AND OTHER RECEIVABLES

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Trade receivables	538,854	714,629
Prepayments	242,542	208,888
Accrued interest	87,228	247,922
Refundable deposits	22,838	23,162
Advance to suppliers	9,050	2,077
VAT receivable	195	798
	<u>900,707</u>	<u>1,197,476</u>

Trade receivables are non-interest bearing and generally on 60 days credit terms.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

As at 31 March, ageing analysis of trade receivables is as follows:

	<u>Current</u>	<u>61 to 180</u>	<u>181 to 365</u>	<u>Over 365</u>	<u>Total</u>
	<u>AED</u>	<u>days</u>	<u>days</u>	<u>days</u>	<u>AED</u>
2025		<u>AED</u>	<u>AED</u>	<u>AED</u>	
Gross receivables	538,854	-	-	-	538,854
Provision %	0.00%	0.00%	0.00%	0.00%	0.00%
Provision	-	-	-	-	-
Net receivables	<u>538,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,854</u>
2024					
Gross receivables	553,232	161,200	197	-	714,629
Provision %	0.00%	0.00%	0.00%	0.00%	0.00%
Provision	-	-	-	-	-
Net receivables	<u>553,232</u>	<u>161,200</u>	<u>197</u>	<u>-</u>	<u>714,629</u>

8. OTHER CURRENT FINANCIAL ASSETS

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Fixed deposits	4,520,154	17,539,805
Margin deposit (Note 25)	73,121	73,121
	<u>4,593,275</u>	<u>17,612,926</u>

9. CASH AND CASH EQUIVALENTS

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Cash at bank : Current accounts	<u>14,269,850</u>	<u>1,419,342</u>



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10. SHARE CAPITAL

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Authorised, issued and fully paid; 3,550,500 (2024 : 3,000,000) shares of AED 1 each		
Balance at the beginning of the year	3,000,000	2,500,000
Addition during the year	550,500	500,000
Balance at the end of the year	<u>3,550,500</u>	<u>3,000,000</u>

11. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of the year	150,014	139,987
Provision made during the year (Note 19)	10,000	10,027
Balance at the end of the year	<u>160,014</u>	<u>150,014</u>

12. TRADE AND OTHER PAYABLES

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Trade payables	2,217,928	1,920,768
Advance from customers	237,758	304,402
Accrued expenses	-	9,371
	<u>2,455,686</u>	<u>2,234,541</u>

13. RELATED PARTY TRANSACTIONS AND BALANCE

Related parties include the shareholder, subsidiaries, directors and entities which are controlled directly or indirectly by the shareholder or directors or over which they exercise significant management influence. Transactions and balance between the Company and its related parties are described below. Transactions with related parties were entered into on terms as agreed by the management.

The ultimate parent and controlling party is Indian Oil Corporation Limited which is incorporated in India.

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

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
<u>Parent company :</u>		
Purchases (Note 15)	2,051,922	2,316,882
Royalty fees (Note 15)	256,046	191,166
Expenses reimbursed to the Company	383,913	587,646
Expenses paid on behalf of the Company	377,420	808,977
<u>Under common control :</u>		
Revenue (Note 14)	<u>261,913</u>	



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	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
<i>Joint venture :</i>		
Additional investment during the year (Note 5)	550,500	-
Share of loss in joint venture (Note 5)	(550,500)	(202,709)

Compensation of key managerial personnel

Key managerial remuneration represents the compensation paid or payable to key management for employee services. The key management includes directors and other members of senior management. The compensation of key management for the year is shown below:

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Salaries and allowances	336,420	839,415
Other benefits	377,420	177,137
	<u>713,840</u>	<u>1,016,552</u>

Compensation of key managerial personnel is included in the employee costs (Note 19).

The following balance was outstanding at the end of the reporting period :

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Due to a related party		
<i>Parent company :</i>		
Indian Oil Corporation Limited, India	290,207	714,176

The related party balance is unsecured and expected to be settled by cash.

14. REVENUE

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
At a point in time :		
Revenue from sale of goods	8,273,731	6,104,694
An analysis of revenue is as follows:		
Related parties (Note 13)	261,913	-
Others	8,011,818	6,104,694
	<u>8,273,731</u>	<u>6,104,694</u>

15. COST OF SALES

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Opening inventories	33,029	22,489
Purchases	6,719,176	5,296,521
Less : Closing inventories (Note 6)	(56,065)	(33,029)
	<u>6,696,140</u>	<u>5,285,981</u>
Royalty fees (Note 13)	256,046	191,166
Freight charges	163,358	20,771
	<u>7,115,544</u>	<u>5,497,918</u>



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The above purchases include purchases from parent company amounting to AED 2,051,922 (2024 : AED 2,316,882) (Note 13).

Royalty is paid to the parent company for using the brand name "Servo" which is 3% (2024 : 3%) of the sales by direct shipment from parent company, of the said brand.

16. OTHER INCOME

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Interest income	839,852	553,242
Commission	394,020	287,856
Exchange gain	6,797	215,928
Miscellaneous income	22,012	-
	<u>1,262,681</u>	<u>1,057,026</u>

17. ADMINISTRATIVE EXPENSES

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Employee costs (Note 19)	1,102,880	1,276,829
Legal and professional fees	759,030	213,549
Travelling expenses	202,747	366,914
Insurance	125,414	128,289
Expenses on short-term leases	92,264	94,323
Communication	41,254	51,990
Office expenses	23,900	30,695
Bank charges	23,847	11,592
Depreciation on property and equipment (Note 4)	16,414	13,694
Membership fees	4,150	7,263
Miscellaneous expenses	99,404	121,708
	<u>2,491,304</u>	<u>2,316,846</u>

18. MARKETING AND BRANDING EXPENSES

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Marketing and business promotion	36,311	59,894
Branding expenses	151,450	28,174
	<u>187,761</u>	<u>88,068</u>

19. EMPLOYEE COSTS

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Salaries and allowances	953,040	1,089,665
End of service benefits (Note 11)	10,000	10,027
Other benefits	139,840	177,137
	<u>1,102,880</u>	<u>1,276,829</u>

Managerial remuneration is included in the above employee costs (Note 13).

The entire employee costs have been allocated to administrative expenses (Note 17).



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NOTES TO THE FINANCIAL STATEMENTS
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20. CORPORATE TAX

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Amounts recognised in profit or loss :		
<i>Current year</i>		
Current tax expense	-	-

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

UAE business will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of Cabinet Decision. As per article 3 of Federal Decree Law No. 47 of 2022, the Corporate Tax shall be imposed on a Qualifying Free Zone person at 0% on qualifying income and 9% on Taxable Income that is not Qualifying Income under Article 18 of this Decree - Law and any decisions issued by the Cabinet at the suggestions of the Minister in respect thereof.

Under the current tax regulation, the Company made an extensive impact assessment and meets all requirements for a Qualifying Free Zone Person to qualify for 0% corporate tax.

21. FINANCIAL INSTRUMENTS

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

	<u>At amortised cost</u>	
	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Financial assets		
Trade and other receivables (excluding prepayments and advance to suppliers) (Note 7)	649,115	986,511
Other current financial assets (Note 8)	4,593,275	17,612,926
Cash and cash equivalents (Note 9)	14,269,850	1,419,342
	<u>19,512,240</u>	<u>20,018,779</u>
	<u>At amortised cost</u>	
	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Financial liabilities		
Trade and other payables (excluding advance from customers) (Note 12)	2,217,928	1,930,139
Due to a related party (Note 13)	290,207	714,176
	<u>2,508,135</u>	<u>2,644,315</u>

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.10 to the financial statements.



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22. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while providing maximum return to stakeholders through the optimisation of the debt and equity balance and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy on capital risk management remains unchanged from the previous year.

The capital structure of the Company consists of equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties and a related party, net of cash and cash equivalents.

23. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's management. The management identifies and evaluates financial risks on regular basis to minimise the adverse impact over the Company's operation.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity price risk and equity risk. The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, when revenue or expense are denominated in a different currency from the Company's functional currency which is Arab Emirates Dirham (AED). There are no significant exchange risks as substantially all financial assets and liabilities are denominated in U.A.E. Dirhams or US Dollars to which the U.A.E. Dirham is pegged.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of the reporting date, the Company has fixed deposits as disclosed in Note 8. If the interest rate had strengthened by 1% against the effective rate with all other variables held constant, loss for the year would have been lower by AED 45,201 (2024 : AED 175,398).

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables and committed transactions) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.



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The Company deals only with highly reputed local and international banks. In respect of major customers, credit risk is managed by assessing the credit quality of these major customers, taking into account their financial position, past experience and other factors including regular follow up.

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk through risk management framework for the Company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalents to ensure funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Company's remaining contractual maturity for its financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	<u>Less than 1 year</u>	
	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Trade and other payables (excluding advance from customers) (Note 12)	2,217,928	1,930,139
Due to a related party (Note 13)	290,207	714,176
	<u>2,508,135</u>	<u>2,644,315</u>

24. FAIR VALUE

The fair value of a particular asset or liability 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 values of the financial assets and liabilities approximate their carrying amounts as reflected in these financial statements.

25. CONTINGENT LIABILITY

Details of the outstanding contingent liability of the Company which is in the normal course of the business activities is as follows:

	<u>31.03.2025</u>	<u>31.03.2024</u>
	<u>AED</u>	<u>AED</u>
Labour guarantee (Note 8)	<u>73,121</u>	<u>73,121</u>

26. COMPARATIVE FIGURES

Previous year figures have been regrouped and reclassified, wherever necessary, to conform with the current year presentation.

