

TITAN HOLDINGS INTERNATIONAL FZCO

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
YEAR ENDED 31 MARCH 2024

TITAN HOLDINGS INTERNATIONAL FZCO

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT YEAR ENDED 31 MARCH 2024

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INDEPENDENT AUDITOR'S REPORT**To the Shareholder of TITAN HOLDINGS INTERNATIONAL FZCO****Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of **TITAN HOLDINGS INTERNATIONAL FZCO** (the "Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (c) to the financial statements, which states that the Company has incurred a loss of AED 9,366,407 for the year ended 31 March 2024 and at that date, the Company's losses aggregated to AED 13,140,457, its current liabilities exceeded its current assets by AED 13,635,619 and it had a net deficit of AED 13,139,457 in equity funds. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

However, the shareholder has agreed to continue with the operations of the Company and has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT

(continued)

Emphasis of matter

We draw attention to note 2 (a) to the financial statements, which states that these financial statements are the separate financial statements of the Company. The consolidated financial statements of the Company and its subsidiaries, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements are presented separately.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with applicable provision of the Dubai Airport Free Zone Implementing Regulations 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

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INDEPENDENT AUDITOR'S REPORT

(continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Report on Other Legal and Regulatory Requirements

We further confirm that the financial statements comply with Dubai Airport Free Zone Implementing Regulations 2021, concerning the formation of legal Company at Dubai Airport Free Zone. Further, we have obtained all the information and explanations necessary for our audit and proper books of account and other records have been maintained in accordance with the said regulation.

For PKF

**S.D. Pereira**

Partner

Registration no. 552

Dubai

United Arab Emirates

30 April 2024

TITAN HOLDINGS INTERNATIONAL FZCO

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024 AED	2023 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	91,392	253,605
Investment in subsidiaries	7	404,770	404,770
Other financial assets	8	--	28,060,323
		<u>496,162</u>	<u>28,718,698</u>
Current assets			
Inventories	9	157,717	--
Other current assets	10	464,487	28,143
Due from a related party	11	1,242,284	23,606
Cash and cash equivalents	12	81,888	3,700
		<u>1,946,376</u>	<u>55,449</u>
Total assets		<u><u>2,442,538</u></u>	<u><u>28,774,147</u></u>
EQUITY AND LIABILITIES			
Equity funds			
Share capital	13	1,000	1,000
Accumulated losses		(13,140,457)	(3,774,050)
Deficit in equity funds		<u>(13,139,457)</u>	<u>(3,773,050)</u>
Current liabilities			
Bank borrowings	15	14,546,506	31,875,555
Accruals	16	934,619	414,413
Due to a related party	11	100,870	100,870
Lease liabilities	14	--	156,359
		<u>15,581,995</u>	<u>32,547,197</u>
Total liabilities		<u>15,581,995</u>	<u>32,547,197</u>
Total liabilities less deficit in equity funds		<u><u>2,442,538</u></u>	<u><u>28,774,147</u></u>

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved, authorised for issue by the shareholder on 29 April 2024 and signed on their behalf by the director, Mr. Kuruvilla Markose.

For TITAN HOLDINGS INTERNATIONAL FZCO


KURUVILLA MARKOSE
(DIRECTOR)

TITAN HOLDINGS INTERNATIONAL FZCO

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

	Notes	2024 AED	2023 AED
Revenue	18	144,266	--
Cost of sales		(105,837)	--
Gross Profit		38,429	--
Other income	19	78,290	--
Administrative expenses	20	(858,747)	(534,037)
Finance costs	21	(8,624,379)	(1,460,314)
LOSS FOR THE YEAR		(9,366,407)	(1,994,351)
Other comprehensive income:			
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(9,366,407)	(1,994,351)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

TITAN HOLDINGS INTERNATIONAL FZCO

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

	Share capital AED	Accumulated losses AED	Total AED
Balance at 1 April 2022	1,000	(1,779,699)	(1,778,699)
Total comprehensive income for the year	--	(1,994,351)	(1,994,351)
Balance at 31 March 2023	1,000	(3,774,050)	(3,773,050)
Total comprehensive income for the year	--	(9,366,407)	(9,366,407)
Balance at 31 March 2024	<u>1,000</u>	<u>(13,140,457)</u>	<u>(13,139,457)</u>

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

The report of the independent auditor is set forth on pages 1 to 3.

TITAN HOLDINGS INTERNATIONAL FZCO

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	2024 AED	2023 AED
Cash flows from operating activities		
Loss for the year	(9,366,407)	(1,994,351)
Adjustments for:		
Depreciation of property, plant and equipment	135,308	148,681
Finance costs	8,624,379	1,460,314
Gain on derecognition of lease	(28,290)	--
Credit balances written back	(50,000)	--
	<u>(685,010)</u>	<u>(385,356)</u>
Changes in:		
- Inventories	(157,717)	--
- Other current assets	(436,344)	(4,068)
- Accruals	570,206	244,054
Net cash used in operating activities	<u>(708,865)</u>	<u>(145,370)</u>
Cash flows from investing activities		
Receipt of loan given to related party	28,060,323	--
Payment to related party	(1,218,678)	(23,606)
Investment in a subsidiary	--	(105,770)
Net cash from/(used in) investing activities	<u>26,841,645</u>	<u>(129,376)</u>
Cash flows from financing activities		
Payment of lease liabilities	(104,397)	(160,578)
Receipt from related party (net)	--	100,870
Interest paid	(8,621,146)	(1,450,762)
(Repayment of)/proceeds from bank overdraft (net)	(17,329,049)	1,777,439
Net cash (used in)/from financing activities	<u>(26,054,592)</u>	<u>266,969</u>
Net increase/(decrease) in cash and cash equivalents	78,188	(7,777)
Cash and cash equivalents at beginning of year	3,700	11,477
Cash and cash equivalents at end of year (note 12)	81,888	3,700

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

TITAN HOLDINGS INTERNATIONAL FZCO

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

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **TITAN HOLDINGS INTERNATIONAL FZCO** (the “Company”) is a free zone company with limited liability registered in Dubai, United Arab Emirates, under Implementing Regulation No. 1/98 issued by the Dubai Airport Free Zone Authority pursuant to Law No. 2 of 1996 and its amendment No. (2) of 2000 and its amendment Law No. (2) of 2000 and amendment Law No. (25) of 2009 (repealed by Dubai Airport Free Zone Implementing Regulations 2021). The registered office address is PO Box 371304, Dubai, UAE. The Company was registered on 15 October 2019 and commenced operations since then.
- b) The Company’s principal activity is in trading of watches, clocks, jewellery, leather goods, travel accessories, sunglasses, optical goods, spectacles, contact lenses, perfumes, cosmetics, clothing accessories, diamonds and precious stones.
- c) The parent company is Titan Company Limited, a company incorporated in India, which is listed on NSE and BSE in India and considered to be the ultimate parent company by directors.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 April 2023, and the requirements of Dubai Airport Free Zone Implementing Regulations 2021.

These financial statements are the separate financial statements of the Company. The consolidated financial statements of the Company and its subsidiaries, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements are presented separately.

b) Basis of measurement

The financial statements are prepared using historical cost.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

TITAN HOLDINGS INTERNATIONAL FZCO

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

c) **Going concern**

The financial statements are prepared on a going concern basis.

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

The Company incurred a loss of AED 9,366,407 for the year ended 31 March 2024 and at that date, the Company's losses aggregated to AED 13,140,457, its current liabilities exceeded its current assets by AED 13,635,619 and it had a net deficit of AED 13,139,457 in equity funds. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

However, the shareholder has agreed to continue with the operations of the Company and has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

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

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

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

- IFRS 17 – Insurance Contracts
- Amendments to IFRS 17 – Insurance Contracts
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules

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

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

- Amendments to IAS 1 – Non-current Liabilities with Covenants (1 January 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangement (1 January 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (1 January 2024)
- Amendments to IAS 21 – Lack of Exchangeability (1 January 2025)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely - Early adoption is permitted)
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures (Effective upon adoption by applicable regulatory)

e) **Functional and presentation currency**

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

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

a) **Property, plant and equipment**

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

Right-of-use assets	5 years
Furniture, fixtures and office equipment	3 - 5 years

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

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

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

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

b) **Impairment of tangible assets**

At each reporting date, the management reviews the carrying amounts of its tangible assets (including right-of-use assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

c) **Investments in subsidiaries**

Subsidiaries are entities over which the Company exercises control. Control is achieved when the Company is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in subsidiaries is accounted for at cost less impairment losses, if any. Consolidated financial statements of the Company and its subsidiaries are prepared separately.

TITAN HOLDINGS INTERNATIONAL FZCO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

d) **Value added tax**

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

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

e) **Income and deferred tax**

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

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

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

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

f) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of watches is arrived at using specific identification method. The Cost comprises invoice value plus applicable landing charges less discounts. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

TITAN HOLDINGS INTERNATIONAL FZCO

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

g) **Revenue recognition**

The Company is in the business of trading of watches, clocks, jewellery, leather goods, travel accessories, sunglasses, optical goods, spectacles, contact lenses, perfumes, cosmetics, clothing accessories, diamonds and precious stones. However, the Company has not commenced any activity during the year.

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

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a goods to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

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

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

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

Sale of goods

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of consideration payable to the customer.

h) **Leases**

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

Right-of-use assets

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

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

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

Lease liabilities

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

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

i) **Cash and cash equivalents**

Cash and cash equivalents comprise bank balance in current accounts.

j) **Foreign currency transactions**

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

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

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

k) **Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

l) **Contingencies and commitments**

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

m) **Current versus non-current classification**

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

n) **Financial instruments**

Classification

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

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

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

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

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

Recognition

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

Derecognition

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

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

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

Measurement

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

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets.

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

Financial assets

Financial assets at amortised cost

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

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

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

All other financial assets are subsequently measured at fair value.

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

The financial assets at amortised cost comprise of due from a related party and cash and cash equivalents and other financial assets.

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise of accruals, lease liabilities (current and non-current), due to a related party and bank borrowings.

Impairment of financial assets

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

Loss allowances are measured on either of the following basis:

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

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

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

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

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

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

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

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

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

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

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

Offsetting

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

Equity

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

o) Fair value measurement

The Company discloses the fair value of financial instruments measured at amortised cost.

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

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

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

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

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

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

Classification of financial assets

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

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment (including right-of-use assets) 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.

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

Leases

Determining the lease term

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

The Company has the option, under some of its leases to lease the assets for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew.

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), 4.11% and 6.86%, due to the absence of implicit rates in the lease contracts.

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

Recognition of revenue and allocation of transaction price

Identification of performance obligations

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

Determine timing of satisfaction of performance obligation

The company concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has transferred to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Carrying values of property, plant and equipment

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

Inventory provisions

Management regularly undertakes a review of the Company's inventory, stated at AED 157,717 (previous year Nil) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

TITAN HOLDINGS INTERNATIONAL FZCO

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

Impairment

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

Impairment of financial assets

The loss allowance for financial assets is based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3(n).

Deferred tax

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

Going concern assessment

The Company incurred a loss of AED 9,366,407 for the year ended 31 March 2024 and at that date, the Company's losses aggregated to AED 13,140,457, its current liabilities exceeded its current assets by AED 13,635,619 and it had a net deficit of AED 13,139,457 in equity funds. Notwithstanding these facts, the financial statements of the Company have been prepared on a going concern basis as the management of the Company believes that the future operations of the Company will generate sufficient profits and cashflows. Further, as required by Article 308 of the UAE Federal Law No. (32) of 2021, the shareholder has resolved to continue its operations in the General Meeting held on 31 March 2024.

TITAN HOLDINGS INTERNATIONAL FZCO

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

6. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets ^(a) AED	Furniture, fixtures and office equipment AED	Total AED
Cost			
At 1 April 2022 and 31 March 2023	657,103	89,917	747,020
Derecognition	(552,706)	--	(552,706)
At 31 March 2024	104,397	89,917	194,314
Accumulated depreciation			
At 1 April 2022	328,850	15,884	344,734
Depreciation	131,301	17,380	148,681
At 31 March 2023	460,151	33,264	493,415
Depreciation	117,848	17,460	135,308
Adjustment on derecognition	(525,801)	--	(525,801)
At 31 March 2024	52,198	50,724	102,922
Carrying amount			
At 1 April 2022	328,253	74,033	402,286
At 31 March 2023	196,952	56,653	253,605
At 31 March 2024	52,199	39,193	91,392

- (a) The leasehold interest in lease of office is capitalised as right-of-use asset. The lease is for a period of 5 years from 15 October 2019 to 14 October 2024.

	2024 AED	2023 AED
7. INVESTMENT IN SUBSIDIARIES		
Investment in share capital at cost in:		
Titan Global Retail L.L.C	299,000	299,000
Titan International QFZ L.L.C	100,870	100,870
Titan Watch Company Limited	4,900	4,900
	404,770	404,770

TITAN HOLDINGS INTERNATIONAL FZCO

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

The nature of investment in subsidiaries are as follows:

Name of subsidiary	Principal Activities	Country of incorporation	Registered proportion (%) of ownership interest	
			2024 AED	2023 AED
Titan Global Retail L.L.C.	Trading in jewellery, watches and precious stones.	UAE	99.66%	99.66%
Titan International QFZ L.L.C	Trading in jewellery.	Qatar	100%	100%
Titan Watch Company Limited	Trading in watches.	Hong Kong	100%	100%

8. OTHER FINANCIAL ASSETS

Debt instruments at amortised cost

Loan to a related party^(a)

2024
AED

2023
AED

--

28,060,323

- (a) This represented unsecured interest free loan given to Titan Global Retail L.L.C, the subsidiary. The loan has been fully repaid by the subsidiary during the year.

9. INVENTORIES

Goods held-for-sale

157,717

--

10. OTHER CURRENT ASSETS

Prepayments

289

251

Advance for goods and services

438,948

4,482

VAT receivable (net)

25,250

23,410

464,487

28,143

11. RELATED PARTIES

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

Related parties comprise the parent/ultimate parent company and subsidiaries.

TITAN HOLDINGS INTERNATIONAL FZCO

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

At the reporting date significant balances with subsidiaries were as follows:

	Parent/ultimate parent company AED	Subsidiaries AED	Total 2024 AED	Total 2023 AED
Other financial assets- Loan to a related party	--	--	--	
	--	28,060,323		28,060,323
Due from related parties	--	1,242,284	1,242,284	
	--	23,606		23,606
Due to a related party	--	100,870	100,870	
	--	100,870		100,870
Accrued commission on corporate guarantee	932,382	--	932,382	
	357,375	--		357,375

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 22.

The Company also provides funds to related parties as working capital facilities free of interest.

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

	2024 AED	2023 AED
Commission on corporate guarantee	575,007	192,015
12. CASH AND CASH EQUIVALENTS		
Bank balances in current accounts	81,888	3,700
13. SHARE CAPITAL		
Issued and paid up:		
1 share of AED 1,000 held by Titan Company Limited	1,000	1,000
14. LEASE LIABILITIES		
Lease liabilities for long-term lease of office space	--	156,359

TITAN HOLDINGS INTERNATIONAL FZCO

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

Disclosed in the statement of financial position as follows:

	2024 AED	2023 AED
Current liabilities	--	156,359

A reconciliation of the movements in the lease liabilities is as follows:

Opening balance	156,359	307,385
Interest for the year	3,233	9,552
Derecognition	(55,195)	--
Payments made during the year	(104,397)	(160,578)
Closing balance	--	156,359

A maturity analysis of undiscounted lease liabilities is as follows:

0 – 1 year	--	160,578
------------	----	---------

Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:

Lease payments due	--	160,578
Less: Finance cost on leases	--	(4,219)
Disclosed in the statement of financial position	--	156,359

15. BANK BORROWINGS

Bank overdraft from Standard Chartered Bank	14,546,506	31,875,555
---	------------	------------

The Company has overdraft facility of USD 44,000,000 from the bank at an agreed interest rate of SOFR+1.65% per annum.

Bank facilities are secured by corporate guarantee of up to USD 44,000,000 by ultimate parent company i.e. Titan Company Limited.

TITAN HOLDINGS INTERNATIONAL FZCO

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

	2024 AED	2023 AED
16. ACCRUALS		
Accrued commission on corporate guarantee	932,382	357,375
Other accruals	2,237	57,038
	<u>934,619</u>	<u>414,413</u>

17. MANAGEMENT OF CAPITAL

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

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owed by the Company, net of cash and cash equivalents.

The Company is subject to externally imposed capital requirements as per provisions of the bank facilities availed. The Company has complied with all the capital requirements to which it is subject.

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

18. REVENUE

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

Primary Geographical segments

- Oman	115,979	--
- Bangladesh	28,287	--
	<u>144,266</u>	<u>--</u>

Type of goods

- Trading in Jewellery	144,266	--
	<u>144,266</u>	<u>--</u>

Timing of revenue recognition

- At a point in time	144,266	--
	<u>144,266</u>	<u>--</u>

TITAN HOLDINGS INTERNATIONAL FZCO

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

	2024 AED	2023 AED
19. Other income		
Credit balances written back	50,000	--
Gain on derecognition of lease	28,290	--
	<u>78,290</u>	<u>--</u>
20. ADMINISTRATIVE EXPENSES		
Depreciation of property plant and equipment	135,308	148,681
Commission charges	575,007	192,015
Professional service charges	124,422	23,925
Other expenses	24,010	169,416
	<u>858,747</u>	<u>534,037</u>
21. FINANCE COSTS		
On lease liabilities	3,233	9,552
On bank borrowings	8,621,146	1,450,762
	<u>8,624,379</u>	<u>1,460,314</u>

22. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments

Classification and fair values

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

	At amortised cost	
	2024 AED	2023 AED
Financial assets		
Other financial assets	--	28,060,323
Due from related party	1,242,284	23,606
Cash and cash equivalents	81,888	3,700
	<u>1,324,172</u>	<u>28,087,629</u>
Financial liabilities		
Bank borrowings	14,546,506	31,875,555
Accruals	934,619	414,413
Due to a related party	100,870	100,870
Lease liabilities (current and non-current)	--	156,359
	<u>15,581,995</u>	<u>32,547,197</u>

Fair value measurement and disclosures

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

The fair values of cash and cash equivalents, other financial assets, due from related party, bank borrowings, accruals, due to related party and current lease liabilities are estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities.

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

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

Financial risk management

Risk management objectives

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

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

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

Credit risk

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

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

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank accounts and debt instruments carried at amortised cost.

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

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

At the reporting date, there is no significant concentration of credit risk from other receivables.

Liquidity risk

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

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

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

	Less than one year	
	2024	2023
	AED	AED
Bank borrowings	14,546,506	31,875,555
Accruals	934,619	414,413
Due to related party	100,870	100,870
Lease liability (Current and non-current)	--	160,578

Market risk

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

Currency risk

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

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

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

TITAN HOLDINGS INTERNATIONAL FZCO

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

Interest rate risk

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

Bank borrowings are subject to floating interest rates linked to SOFR and are therefore exposed to cash flow interest rate risk.

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 145,465 (previous period AED 318,755 higher or lower resulting in equity being higher or lower by AED 145,465 (previous period AED 318,755).

23. CORPORATE TAX

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

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

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

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

For TITAN HOLDINGS INTERNATIONAL FZCO



KURUVILLA MARKOSE
(DIRECTOR)