Nagarjuna Contracting Co. (L.L.C.) (under liquidation)
Dubai - United Arab Emirates

Auditor's report and financial statements
For the year ended March 31, 2020

For identification purpose only
UHY
James

Nagarjuna Contracting Co. (L.L.C.) (under liquidation)
Dubai - United Arab Emirates

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For identification purpose only
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Ref: JM/AR/2020/2123

Independent auditor's report

To,

The Shareholders
M/s. Nagarjuna Contracting Co. (L.L.C.) (under liquidation)
Dubai - United Arab Emirates

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Nagarjuna Contracting Co. (L.L.C.) (under liquidation)** (the "Entity") which comprise the statement of financial position as at March 31, 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity, 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 present fairly, in all material respects, the financial position of the Entity as at March 31, 2020 and 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 Entity in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

We draw attention to the following matters:

i) Note 2 and note 4.2 to these financial statements, which explains that the commercial license of the Entity expired on October 30, 2019 and management did not renewed the same following the decision to cease the operations of the Entity. As the going concern assumption is no longer valid for the Entity, these financial statements have been prepared on the basis of the accounting convention of realisable/settlement values of assets and liabilities.

ii) Note 19 to the financial statements which explains that there are two ongoing legal cases against the Entity with an adverse award of AED 29,732,498 and a subcontractor claim of AED 569,741, respectively. The management has not recorded any liability and provision in these financial statements in respect of these cases.

Our opinion is not qualified in respect of these matters.

Other matter

The financial statements of the Entity for the year ended March 31, 2019 which are shown as comparatives, were audited by another auditor who expressed an unmodified opinion on those statements on May 20, 2019.

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Independent auditor's report to the shareholders of Nagarjuna Contracting Co. (L.L.C.) (under liquidation) (continued)

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), in compliance with the requirements of applicable laws 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The management is responsible for overseeing the Entity'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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report to the shareholders of Nagarjuna Contracting Co. (L.L.C.) (under liquidation) (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the management 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

As required by the U.A.E. Federal Commercial Companies Law No. 2 of 2015, we further confirm that:

1 We have obtained all the information and explanations which we consider necessary for our audit.

2 The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Commercial Companies Law No. 2 of 2015 and the Memorandum of Association of the Entity.

3 Proper books of accounts have been maintained by the Entity.

4 The Entity has not made any investments in shares and stocks during the year ended March 31, 2020.

5 Note 5 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.

6 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the U.A.E. Federal Commercial Companies Law No. 2 of 2015 or the Memorandum of Association of the Entity, which would materially affect its activities or its financial position as at March 31, 2020.

For UHY James Chartered Accountants

James Mathew FCA, CPA
Managing Partner
Reg. No. 548

May 21, 2020
Dubai - United Arab Emirates

P.O.Box: 118863
DUBAI - U.A.E.
UHY JAMES CHARTERED ACCOUNTANTS

Nagarjuna Contracting Co. (L.L.C.) (under liquidation)
Dubai - United Arab Emirates

Statement of financial position as at March 31, 2020
(In Arab Emirates Dirham)

	Notes	2020	2019
Assets			
Current assets			
Deposits and other receivables	6	-	131,273
Cash and bank balances	7	**588**	364,274
Total current assets		**588**	495,547
Total assets		**588**	495,547
Equity and liabilities			
Equity			
Share capital	8	**300,000**	300,000
Statutory reserve	9	**150,000**	150,000
Accumulated (losses)	10	**(459,912)**	(1,509,079)
Total equity		**(9,912)**	(1,059,079)
Current liabilities			
Contract and other payables	11	**10,500**	1,554,626
Total current liabilities		**10,500**	1,554,626
Total liabilities		**10,500**	1,554,626
Total equity and liabilities		**588**	495,547

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

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

The financial statements on pages 4 to 18 were approved on May 21, 2020 and signed on behalf of the Entity, by:

Authorized signatory

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James

Nagarjuna Contracting Co. (L.L.C.) (under liquidation)
Dubai - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended March 31, 2020
(In Arab Emirates Dirham)

	Notes	**2020**	2019
Contract losses	12	**-**	(3,859,735)
Other income	13	**1,452,658**	84,896,862
Administrative expenses	14	**(394,654)**	(48,271,501)
Finance costs	15	**(8,837)**	(488,634)
Net profit for the year		**1,049,167**	32,276,992
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,049,167**	32,276,992

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

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

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Nagarjuna Contracting Co. (L.L.C.) (under liquidation)
Dubai - United Arab Emirates

Statement of changes in equity for the year ended March 31, 2020
(In Arab Emirates Dirham)

	Share capital	Statutory reserve	Accumulated (losses)	Total equity
Balance as at March 31, 2018	300,000	150,000	(33,786,071)	(33,336,071)
Profit for the year	-	-	32,276,992	32,276,992
Balance as at March 31, 2019	300,000	150,000	(1,509,079)	(1,059,079)
Profit for the year	-	-	1,049,167	1,049,167
Balance as at March 31, 2020	**300,000**	**150,000**	**(459,912)**	**(9,912)**

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

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

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Nagarjuna Contracting Co. (L.L.C.) (under liquidation)
Dubai - United Arab Emirates

Statement of cash flows for the year ended March 31, 2020
(In Arab Emirates Dirham)

	2020	2019
Cash flows from operating activities		
Profit for the year	**1,049,167**	32,276,992
Adjustments for:		
Loss on disposal/transfer of property, plant and equipment	-	181,505
Related party loans written back	-	(49,284,122)
Related party balances written off	-	26,016,079
Non certification of amounts due from customers	-	3,713,571
Accruals written back	**(1,452,658)**	-
Deposits and VAT receivable written off	**74,595**	-
Bad debts written off	-	109,850
Finance costs	**8,837**	488,634
Interest income	-	(986)
Provision for employees' end of service benefits	-	9,521
Operating (loss)/profit before working capital changes	**(320,059)**	13,511,044
(Increase)/decrease in assets		
Due from customers for contract work-in-progress	-	25,863,565
Retention receivables	-	14,760,796
Contract receivables	-	331,729
Deposits and other receivables	**56,678**	877,631
Due from related parties	-	2,920,509
Increase/(decrease) in current liabilities		
Retention payables	-	(1,258,857)
Contract and other payables	**(91,468)**	(56,970,675)
Cash (used in)/generated from operations	**(354,849)**	35,742
Employees' end of services benefits paid	-	(158,841)
Net cash (used in) operating activities	**(354,849)**	(123,099)
Cash flows from investing activities		
Decrease of investment in fixed deposit	-	258,688
Interest income	-	986
Proceeds from sale of property, plant and equipment	-	25,000
Net cash from investing activities	-	284,674
Cash flows from financing activities		
Finance costs paid	**(8,837)**	(488,634)
Loan to a related party	-	(1,700)
Net cash (used in) financing activities	**(8,837)**	(490,334)
Net (decrease) in cash and cash equivalents	**(363,686)**	(328,759)
Cash and cash equivalents, beginning of the year	**364,274**	693,033
Cash and cash equivalents, end of the year	**588**	364,274
Cash and cash equivalents		
Cash in hand	-	41,990
Cash at banks	**588**	322,284
	588	364,274

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

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

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1 Legal status and business activities

1.1 **M/s. Nagarjuna Contracting Co. (L.L.C.) (under liquidation),** Dubai - United Arab Emirates (the "Entity") was incorporated on October 31, 2005, as a Limited Liability Company and operates in the United Arab Emirates under a commercial license issued by the Dubai Economy, Government of Dubai, Dubai - United Arab Emirates.

1.2 The Entity is licensed to engage in electromechanical equipment installation & maintenance, undertaking building, road, sewage & drainage, water pipelines & stations contracting works. However, the Entity has discontinued its commercial operations.

1.3 The registered address of the Entity is P.O. Box: 117333, Dubai - United Arab Emirates.

1.4 The management and control is vested with the Manager, Mr. Vasu Kathi (Indian national).

1.5 These financial statements incorporate the operating results of the Commercial license no. 573815.

2 Going concern

The commercial license of the Entity expired on October 30, 2019 and the management has not renewed the same till date. Vide Board resolution dated June 03, 2019, the management decided to cease operations of the Entity. As the going concern assumption is not valid for the Entity, these financial statements have been prepared on the basis of the accounting convention of realisable/settlement values of assets and liabilities.

3 New standards and amendments

3.1 New standards and amendments applicable as on April 01, 2019

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after April 01, 2019.

- IFRS 16 - Leases
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement
- Amendments to IFRIC 23 Uncertainty over Income Tax Treatments

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

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending March 31, 2020.

Description	Effective for annual periods beginning on or after
Definition of Material –Amendments to IAS 1 and IAS 8	January 1, 2020
Definition of a Business – Amendments to IFRS 3	January 1, 2020
Conceptual Framework for Financial Reporting - Amendments	January 1, 2020
IFRS 17 - Insurance Contracts	January 1, 2021

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

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3 New standards and amendments (continued)

3.3 Impact of standard adopted in 2019

3.3.1 IFRS 16 Leases

IFRS 16 was issued in January 2016 and had superseded IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Entity is the lessor.

The Entity adopted IFRS 16 using the modified retrospective method of adoption at the date of initial application of April 01, 2019. Prior periods have not been restated. The Entity elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Entity also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). "Short term leases" and "low-value assets" are accounted for as lease expense on a straight-line basis over the remaining lease term.

Before the adoption of IFRS 16, the Entity classified each of its leases (as lessee) at the inception date as an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Entity; otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets, receivables, deposits and prepayments and contract and other payables, respectively.

The effect of adoption of IFRS 16 on the balance sheet and retained earnings is not material and disclosed where applicable in the notes to these financial statements.

4 Significant accounting policies

4.1 Statement of compliance

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

4.2 Basis of preparation

The financial statements have been prepared on the basis of the accounting convention of realisable/settlement values of assets and liabilities. Realisable/settlement values of assets and liabilities are based on the management's best estimate considering any impairment to the historical cost and are presented as current assets and current liabilities.

The principal accounting policies applied in these financial statements are set out below.

4.3 Foreign currency

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

4 Significant accounting policies (continued)

4.4 Leases

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

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

4.4.1 Entity as lessee

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

Short-term leases and leases of low-value assets

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

4.5 Financial instruments

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

4.6 Financial assets

Classification

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

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

- those to be measured at amortised cost.

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

Measurement

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

Financial assets comprise of cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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4 Significant accounting policies (continued)

4.6 Financial assets (continued)

Receivables

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

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

Impairment of financial assets

The Entity assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

Derecognition of financial assets

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

4.7 Financial liabilities

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

Contract and other payables

Contract payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Contract payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Contract and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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4 Significant accounting policies (continued)

4.8 Offsetting financial instruments

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.

4.9 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

4.10 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

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

Impairment of financial assets

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

5 Related party transactions

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

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

a) Transactions with related parties

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

	For the year ended March 31,	
	2020	2019
Due from related parties written off (note 14)	-	26,016,079
Loans from related parties written back (note 13)	-	49,284,122
Bank overdraft charged to a related party (note 13)	-	28,254,093

	2020	2019
6 Deposits and other receivables		
Deposits	-	88,086
Other receivables	-	10,028
VAT receivable - net	-	33,159
	-	131,273
7 Cash and bank balances		
Cash in hand	-	41,990
Cash at banks	**588**	322,284
	588	364,274

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

8 Share capital

The authorized, issued and paid up capital of the Entity is AED 300,000 divided into 300 shares of AED 1,000 each fully paid.

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

Name of shareholders	Domicile	Percentage	No. of shares	2020	2019
Mrs. Salma Saeed Salem Musallam Alkitbi	U.A.E.	51	153	**153,000**	153,000
M/s. NCC Limited, India (represented by Mr. Vasu Kathi)	Indian	49	147	**147,000**	147,000
		100	300	**300,000**	300,000

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		2020	2019
9	**Statutory reserve**		
	Balance at the end of the year	**150,000**	150,000

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

		2020	2019
10	**Accumulated (losses)**		
	Balance at the beginning of the year	**(1,509,079)**	(33,786,071)
	Profit for the year	**1,049,167**	32,276,992
	Balance at the end of the year	**(459,912)**	(1,509,079)
11	**Contract and other payables**		
	Contract payables	-	1,050
	Provisions and accruals	**10,500**	1,553,576
		10,500	1,554,626

		For the year ended March 31,	
		2020	2019
12	**Contract losses**		
	Non certification of amounts due from customers	-	3,713,571
	Salaries and wages	-	40,933
	Other contract expenses	-	105,231
		-	3,859,735
13	**Other income**		
	Related party loans written back (note 5)	-	49,284,122
	Bank overdraft charged to a related party (note 5)	-	28,254,093
	Contract payables written back	-	7,340,161
	Accruals written back	**1,452,658**	-
	Interest income	-	986
	Miscellaneous	-	17,500
		1,452,658	84,896,862

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		For the year ended March 31,	
		2020	2019
14	**Administrative expenses**		
	Salaries and related benefits	**42,342**	622,587
	Rent	**8,500**	138,876
	Legal, visa, professional and related expenses	**241,852**	1,314,078
	Insurance	-	6,158
	Travelling and conveyance	**27,262**	127,658
	Deposits and VAT receivable written off	**74,595**	-
	Loss on disposal of property, plant and equipment	-	181,505
	Net liabilities booked against arbitration award settlement	-	19,700,081
	Related party balances written off (note 5)	-	26,016,079
	Bad debts written off	-	109,850
	Others	**103**	54,629
		394,654	48,271,501
15	**Finance costs**		
	Commission on bank guarantees	-	476,026
	Interest on borrowings	-	2,632
	Bank charges	**8,837**	9,976
		8,837	488,634

16 Financial instruments

a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 4 to the financial statements.

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

	As at March 31,		As at March 31,	
	2020	2019	**2020**	2019
Financial assets	**Carrying amount**		**Fair value**	
Deposits and other receivables	-	131,273	-	131,273
Cash and bank balances	**588**	364,274	**588**	364,274
	588	495,547	**588**	495,547

16 Financial instruments (continued)

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

	As at March 31,		As at March 31,	
	2020	2019	**2020**	2019
Financial liabilities	**Carrying amount**		**Fair value**	
Contract and other payables	**10,500**	1,554,626	**10,500**	1,554,626
	10,500	1,554,626	**10,500**	1,554,626

Financial instruments comprises of financial assets and financial liabilities.

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

Financial assets consist of deposits and other receivables and cash and bank balances. Financial liabilities consist of contract and other payables.

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

17 Financial risk management objectives

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

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

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

a) *Foreign currency risk management*

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

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham.

b) *Interest rate risk management*

As at the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

c) *Liquidity risk management*

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

17 Financial risk management objectives (continued)

c) *Liquidity risk management (continued)*

The Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and equity from shareholders through their current accounts or loans.

Liquidity and interest risk table:

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

	Interest bearing			**Non Interest bearing**			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at March 31, 2020			
Financial assets							
Cash and bank balances	-	-	-	588	-	-	588
	-	-	-	588	-	-	588
Financial liabilities							
Contract and other payables	-	-	-	-	10,500	-	10,500
	-	-	-	-	10,500	-	10,500
				As at March 31, 2019			
Financial assets							
Deposits and other receivables	-	-	-	-	131,273	-	131,273
Cash and bank balances	-	-	-	364,274	-	-	364,274
	-	-	-	364,274	131,273	-	495,547
Financial liabilities							
Contract and other payables	-	-	-	-	1,554,626	-	1,554,626
	-	-	-	-	1,554,626	-	1,554,626

d) *Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly.

17 Financial risk management objectives (continued)

d) *Credit risk management (continued)*

Ongoing credit evaluation is performed on the financial condition of other receivables. Further details of credit risks on other receivables are discussed in note 6 to the financial statements.

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

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

18 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

19 Contingent liabilities

a. The Entity had an ongoing arbitration for legal disputes with a customer on which an adverse award was given against the Entity on September 9, 2018. Out of total compensation awarded amounting to AED 55,020,293, the management settled an amount of AED 25,287,795, and filed an application for the nullification of the remaining balance amounting to AED 29,732,498. At the scheduled date of hearing for the appeal in January 2020, the claimant did not present themselves in court despite receiving notices and there has been no further developments on the matter since then. Considering the above, management believes that the likelihood of claim for the remaining balance being awarded is remote and therefore no liability has been recognised in these financial statements.

b. There is legal case pending against the Entity for claims of AED 569,741 filed by a sub-contractor. The management has not provided any provision in the financial statements, considering that the likelihood of unfavourable outcome is remote and the financial impact of the legal decision cannot be determined.

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

20 Commitments

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

21 Reclassification

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

For identification purpose only
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James