

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

Independent auditors' report and financial statements  
For the year ended March 31, 2016



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

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

General information

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Principal Office Address : P.O. Box: 117333  
Dubai - United Arab Emirates

Website : [www.ncclimited.com](http://www.ncclimited.com)

The Managing Director : Name Nationality  
Mr. Narayana Raju Alluri Indian

The Auditors : Horwath Mak  
P.O. Box: 262794  
Dubai - United Arab Emirates

The Banks : Mashreq Bank  
First Gulf Bank  
Emirates Islamic Bank PJSC

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

**Report of the Directors**  
**for the year ended March 31, 2016**

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The Directors have pleasure in presenting their report and the audited financial statements for the year ended March 31, 2016.

**PRINCIPAL ACTIVITIES**

The Company is mainly engaged in the business of electro-mechanical equipment installation & maintenance, undertaking building, road, sewage & drainage, water pipelines & stations contracting works.

**BUSINESS OPERATIONS REVIEW AND FUTURE BUSINESS DEVELOPMENTS**

The Company has a total revenue of AED 61,702,859 (P.Y.: AED 95,403,429) for the year ended March 31, 2016. The Company has incurred a net profit/(loss) of AED 2,449,197 (P.Y. AED (6,578,766) loss) during the year. The Directors are optimistic about the prospects for the ensuing year and expect improvement in the performance of the Company.

**RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

The Company is committed to the management of risk to achieve sustainability, employment and surpluses. The risk management framework identifies, assesses, manages and reports risk on a consistent and reliable basis. The primary risks are those of credit, market (liquidity, interest rate, foreign exchange) and operational risk.

The management recognises its responsibility for the system of internal control and for reviewing its effectiveness. In view of the above, the company continuously monitors risks through means of administrative and information systems. Periodic MIS reports are generated which help to mitigate risks and provide full transparency.

**CREDITORS' PAYMENT POLICY**

The Company maintains a policy of paying suppliers in accordance with terms and conditions agreed with them.

**EVENTS AFTER YEAR END**

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect, substantially the result of the operations of the Company for the financial year then ended.

**PERFORMANCE ANALYSIS**

	<u>2015 - 16</u>	<u>2014 - 15</u>
	AED	AED
Total revenue	61,702,859	95,403,429
Net profit/(loss) for the year	2,449,197	(6,578,766)

**FIXED ASSETS**

The movement in the fixed assets account is set out in note 10 to the financial statements.

**AUDITORS**

M/s. Horwath Mak, United Arab Emirates is willing to continue in office and a resolution to re-appoint it will be proposed in the Annual General Meeting (AGM).

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

**Report of the Directors (continued)  
for the year ended March 31, 2016**

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**DIRECTORS' RESPONSIBILITIES**

The Company law requires the Directors to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and of the net profit or loss for that year.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the relevant governing Laws.

**ACKNOWLEDGMENTS**

The Directors wish to place on record their sincere gratitude for the continuous support extended by various government departments, bankers, customers, suppliers, employees and all well wishers.

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**Managing Director**  
**Date: May 22, 2016**

Ref: JM/AR/16/9251

## INDEPENDENT AUDITORS' REPORT

To:

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

### **Report on the financial statements**

We have audited the accompanying financial statements of **M/s. Nagarjuna Contracting Co. (L.L.C.)**, Dubai - United Arab Emirates, ("the Company") which comprise the balance sheet as at March 31, 2016, statement of profit and loss account, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly in all material aspects, the financial position of **M/s. Nagarjuna Contracting Co. (L.L.C.)**, Dubai - United Arab Emirates as at March 31, 2016 and the results of its operations and cash flows for the year then ended in conformity with the accounting principles generally accepted in India and U.A.E.

## Emphasis of matter

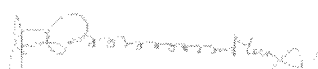
Without qualifying our opinion, we draw attention to the fact that the Company maintains its accounting records in accordance with the legislative requirements of United Arab Emirates. These financial statements have been prepared from those accounting records and adjusted as necessary to comply, in all material respects, with the requirements of accounting principles generally accepted in India ("I-GAAP").

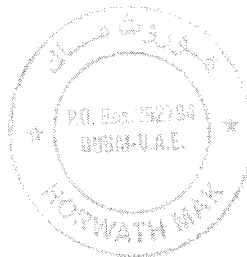
## Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i). we have obtained all the information which we considered necessary for the purposes of our audit;
- ii). the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- iii). the Entity has maintained proper books of account;
- iv). the financial information included in the Directors' report is consistent with the books of account of the Entity;
- v). the Entity has not purchased or invested in shares during the year ended March 31, 2016;
- vi). note 9 to the financial statements discloses material related party transactions and the terms under which they were conducted; and
- vii). 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 year ended March 31, 2016 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at March 31, 2016.

## For Horwath Mak

  
**James Mathew FCA, CPA (USA)**  
Managing Partner  
Reg. No. 548  
May 22, 2016



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

Balance Sheet  
as at March 31, 2016  
(In Arab Emirates Dirhams)

	Notes	Mar 31, 2016	Mar 31, 2015
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	300,000	300,000
Reserves and surplus	4	60,516,139	58,066,942
<b>Total shareholders' funds</b>		<b>60,816,139</b>	<b>58,366,942</b>
<b>Non- current liabilities</b>			
Staff terminal benefits	5	584,892	1,128,641
<b>Total non-current liabilities</b>		<b>584,892</b>	<b>1,128,641</b>
<b>Current liabilities</b>			
Short - term borrowings	6	47,941,387	47,244,630
Contract payables	7	119,815,235	150,110,626
Accrued expenses and other liabilities	8	51,697,677	59,083,937
Due to related parties	9	115,891,595	107,437,499
<b>Total current liabilities</b>		<b>335,345,894</b>	<b>363,876,692</b>
<b>Total</b>		<b>396,746,925</b>	<b>423,372,275</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	4,000,788	4,951,661
<b>Total fixed assets</b>		<b>4,000,788</b>	<b>4,951,661</b>
<b>Current assets</b>			
Inventories	11	3,148,726	4,346,286
Contract-work in-progress	12	23,269,917	24,166,921
Contract receivables	13	20,000	18,551,458
Loans and advances	14	25,702,700	40,082,247
Due from related parties	9	339,907,775	329,411,535
Cash and bank balances	15	697,019	1,862,167
<b>Total current assets</b>		<b>392,746,137</b>	<b>418,420,614</b>
<b>Total</b>		<b>396,746,925</b>	<b>423,372,275</b>

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

The report of the auditors is set out on pages 4 & 5.

The financial statements on pages 6 to 21 were approved by Board of Directors on May 21, 2016 and signed on its behalf by:

\_\_\_\_\_  
Managing Director



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

Statement of Profit and Loss Account  
for the year ended March 31, 2016  
(In Arab Emirates Dirhams)

	Notes	For the year ended March 31,	
		2016	2015
<b>Income</b>			
Revenue	16	61,229,552	95,056,929
Other income	17	473,307	346,500
<b>Total income</b>		<b>61,702,859</b>	<b>95,403,429</b>
<b>Expenditure</b>			
Construction and other expenses	18	49,760,849	87,947,242
Employees emoluments	19	5,638,416	8,889,835
General and administrative expenses	20	2,605,421	3,947,373
Depreciation		327,925	417,071
Finance charges	21	921,051	780,674
<b>Total expenditure</b>		<b>59,253,662</b>	<b>101,982,195</b>
<b>Net profit/(loss) for the year</b>		<b>2,449,197</b>	<b>(6,578,766)</b>
Profit brought forward from previous year		57,916,942	64,651,959
		<b>60,366,139</b>	<b>58,073,193</b>
<b>Appropriations</b>			
Transfer to reserves		156,251	156,251
Balance carried to balance sheet		60,209,888	57,916,942
		<b>60,366,139</b>	<b>58,073,193</b>
<b>Basic earnings/(loss) per share</b>		<b>8,164</b>	<b>(21,929)</b>

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

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The financial statements on pages 6 to 21 were approved by Board of Directors on May 21, 2016 and signed on its behalf by:

\_\_\_\_\_  
Managing Director



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

Statement of Cash Flows  
for the year ended March 31, 2016  
(In Arab Emirates Dirhams)

	for the year ended March 31,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Net profit/(loss) for the year	2,449,197	(6,578,766)
Adjustments for:		
Depreciation on fixed assets	743,909	843,721
Provision for staff terminal benefits	198,347	388,970
Loss on disposal of fixed assets	102,359	24,967
<b>Operating profit/(loss) before changes in operating assets and liabilities</b>	<b>3,493,812</b>	<b>(5,321,108)</b>
Decrease/(increase) in inventories	1,197,560	(1,370,412)
Decrease/(increase) in contract work-in-progress	897,004	(21,737,110)
Decrease/(increase) in contract receivables	18,531,458	(11,881,405)
Decrease/(increase) in loans and advances	14,379,547	(10,122,792)
(Increase) in due from related parties	(10,496,240)	(18,926,732)
(Decrease)/increase in contract payables	(30,295,391)	15,961,183
(Decrease)/increase in accrued expenses and other liabilities	(7,386,260)	25,813,464
Increase in due to related parties	8,454,096	11,029,022
Payment of staff terminal benefits	(742,096)	(62,997)
<b>Net cash (used in)/from operating activities</b>	<b>(1,966,510)</b>	<b>(16,618,887)</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	-	(414,510)
Proceeds from disposal of fixed assets	104,605	71,500
<b>Net cash from/(used in) investing activities</b>	<b>104,605</b>	<b>(343,010)</b>
<b>Cash flows from financing activities:</b>		
Increase in unsecured loan	2,729,900	-
<b>Net cash from financing activities</b>	<b>2,729,900</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>867,995</b>	<b>(16,961,897)</b>
Cash and cash equivalents, at beginning of the year	(2,027,663)	14,934,234
<b>Cash and cash equivalents, at the end of the year</b>	<b>(1,159,668)</b>	<b>(2,027,663)</b>
<b>Represented by:</b>		
Cash in hand	5,804	32,375
Bank balances - current accounts	437,391	1,578,849
- short term deposits	253,824	250,943
Less: Bank overdraft	(1,856,687)	(3,889,830)
	<b>(1,159,668)</b>	<b>(2,027,663)</b>

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

The report of the auditors is set out on pages 4 & 5.

The financial statements on pages 6 to 21 were approved by Board of Directors on May 21, 2016 and signed on its behalf by:

\_\_\_\_\_  
Managing Director



Nagarjuna Contracting Co. (L.L.C.)

Dubai - United Arab Emirates

Notes to the Financial Statements

for the year ended March 31, 2016

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**1 Legal status and business activities**

- a) M/s. Nagarjuna Contracting Co. (L.L.C.) ("the Company") was registered with the Department of Economic Development, Dubai - United Arab Emirates (Commercial license no. 573815) as a Limited Liability Company on October 31, 2005.
- b) The Company is mainly engaged in the business of electro mechanical equipment installation & maintenance, undertaking building, road, sewage & drainage, water pipelines & stations contracting works.
- c) The management and control of the Company are vested with the Managing Director, Mr. Narayana Raju Alluri (Indian national).
- d) The registered address of the Company is P.O. Box: 117333, Dubai - United Arab Emirates.
- e) UAE Federal Law No. (2) of 2015 ("Companies Law") which is applicable to the Entity has come into effect on July 01, 2015. The Entity is currently assessing and evaluating the relevant provisions of the Companies Law and expects to be fully compliant on or before the end of the grace period of June 30, 2016.

**2 Summary of significant accounting policies**

These financial statements have been prepared on accrual basis under the historical cost convention and in accordance with Generally Accepted Accounting Principles in India and the applicable requirements of the U.A.E. Federal Commercial Companies Law. The principal accounting policies are summarised below:

**a) Revenue recognition**

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. Any expected loss on the construction contract is recognised as expense immediately, when it is probable that total contract costs will exceed the total contract revenue.

The outcome of a construction contract can be estimated reliably, when all the following are satisfied:

- i. Total contract revenue can be measured reliably;
- ii. It is probable that the economic benefits associated with the contract will flow to the Company;
- iii. Both the contract costs to complete the contract and the stage of the contract completion at the balance sheet date can be measured reliably; and
- iv. The contract costs attributable to the contract can be clearly identified and measured reliably, so that actual contract costs incurred can be compared with prior estimates.

**b) Fixed Assets and depreciation**

Fixed assets are stated at cost of acquisition less accumulated depreciation thereon. The cost of fixed assets is written off as follows by equal annual installments over their expected useful lives using the straight line method:

	<u>Years</u>
Machinery and equipment	12 years
Tools and equipment	12 years
Construction accessories	6 years
Furniture, fixtures and equipment	3 – 10 years
Motor vehicles	8 years

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

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**2 Summary of significant accounting policies (continued)**

**b) Fixed Assets and depreciation (continued)**

The Company has revised useful life of fixed assets as specified in Part C of Schedule II of the Companies Act, 2013 effective from April 01, 2014. Consequently, the depreciation expense for the year ended March 31, 2016 is higher by AED 330,220. Due to the said revision, there were certain assets whose useful life had expired by April 01, 2014. Therefore, the remaining depreciable carrying value of those assets aggregating to AED 156,251 have been adjusted against reserves.

**c) Inventories**

Inventories are valued at the lower of cost and net realisable value with due allowance for slow-moving items. Cost is determined on the weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the price at which the inventories can be sold in the normal course of business after allowing for the costs of realisation.

**d) Contract work-in-progress**

Contract work-in-progress includes expenses incurred on projects for which no billing has been made or it pertains to work which is incomplete and hence not certified by the consultant.

**e) Sundry debtors**

Sundry debtors are stated at their nominal value, as reduced by appropriate allowances for estimated doubtful amounts. Bad debts are written off as and when they arise.

**f) Sundry creditors**

Sundry creditors are stated at their nominal value.

**g) Staff terminal benefits**

Amounts required to cover end of service indemnity at the balance sheet date are computed pursuant to the United Arab Emirates Federal Labour Law based on the employees' accumulated period of service and basic remuneration at the balance sheet date.

**h) Foreign currencies**

Transactions denominated in foreign currencies are initially recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rate prevailing on the balance sheet date. Gains and losses arising are included in the profit and loss account.

**i) Financial expenses**

Financial expenses are accounted in the profit and loss account in the period in which they are incurred. Except to the extent, that the borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets shall be capitalised as part of cost of that asset.

Nagarjuna Contracting Co. (L.L.C.)

Dubai - United Arab Emirates

Notes to the Financial Statements (continued)

for the year ended March 31, 2016

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**2 Summary of significant accounting policies (continued)**

**j) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, balances with bank, deposits with the banks, within a maturity date of three months or less from the date of deposit and bank overdraft.

**k) Basic earnings per share**

The Company reports basic earning per share in accordance with Accounting Standard (AS 20) Earnings per share notified by the Companies (accounting standard) Rules 2006. Basic earnings per equity share is computed by dividing the net profit for the year attributable to the equity shareholders by number of equity shares outstanding at the end of the year.

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

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

3 Share capital

	March 31,	
	2016	2015
	AED	AED
<b>Authorised, issued and paid up</b>		
300 equity shares of AED 1,000 each	300,000	300,000

The details of the shareholding as at the balance sheet date are as follows:

<u>Name of Shareholders</u>	<u>Nationality</u>	<u>Percentage</u>	<u>No of shares</u>	<u>Amount</u>
Mrs. Salma Saeed Salem Alkitibi	U.A.E.	51	153	153,000
M/s. NCC Limited, India (represented by Mr. Narayana Raju Alluri)	Indian	49	147	147,000
		100	300	300,000

4 Reserves and surplus

	March 31,	
	2016	2015
	AED	AED
<b>(i) Profit and loss account - Balance</b>		
Balance - beginning of the year	57,916,942	64,651,959
Net profit/(loss) for the year	2,449,197	(6,578,766)
Transfer from accumulated depreciation (note 10)	-	(156,251)
Balance - end of the year	60,366,139	57,916,942

	March 31,	
	2016	2015
	AED	AED
<b>(ii) Statutory reserve</b>		
Balance - end of the year	150,000	150,000
<b>Total { (i) + (ii) }</b>	60,516,139	58,066,942

5 Staff terminal benefits

	March 31,	
	2016	2015
	AED	AED
Balance - beginning of the year	1,128,641	802,668
Provision made during the year	198,347	388,970
Amount paid during the year	(742,096)	(62,997)
Balance - end of the year	584,892	1,128,641

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

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

6 Short - term borrowings

(i) Secured Loan

	March 31,	
	2016	2015
	AED	AED
Overdraft	1,856,687	3,889,830

The above borrowing is secured by:

- Assignment of contract receivables (note 13).
- Corporate guarantee of the shareholder - M/s. NCC Limited - India.

(ii) Unsecured Loan

	March 31,	
	2016	2015
	AED	AED
Balance - beginning of the year	43,354,800	43,354,800
Received during the year	2,729,900	-
Balance - end of the year	46,084,700	43,354,800

The above loan obtained from a shareholder, M/s. NCC Limited - India is unsecured and without any fixed repayment schedule. It carries an interest @ 12 % p.a. and the Company has paid an interest of AED 5,451,272 (P.Y.: 5,042,071) on the said loan which has been recovered from M/s. NCC Urban Infrastructure Company Limited, Dubai - U.A.E. (a related party) {note 9 (ii)}.

Total { (i) + (ii) }	47,941,387	47,244,630
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7 Contract payables

	March 31,	
	2016	2015
	AED	AED
Contract payables	114,103,049	142,738,185
Retention payables	5,712,186	7,372,441
	119,815,235	150,110,626

8 Accrued expenses and other liabilities

	March 31,	
	2016	2015
	AED	AED
Provision for sub-contractors/hire expenses	434,005	6,234,284
Advance from customer	18,342,844	13,063,252
Mobilization advance	28,050,000	33,205,264
Accrued expenses	4,708,288	6,470,165
Other payable	162,540	110,972
	51,697,677	59,083,937

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

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

9 Related party transactions

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in Accounting Standards (AS 18). Related parties comprise companies and entities under common ownership and/or common management and control; their partners and key management personnel.

The Company believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

(i) Due from related parties

At the balance sheet date, due from related parties were as follows:

	March 31,	
	2016	2015
	AED	AED
M/s. Al Mubarakia Contracting Co. (L.L.C.), Dubai - U.A.E.	26,392,507	23,843,256
M/s. NCC Urban Infrastructure Company Limited, Dubai - U.A.E. *	267,271,445	254,823,073
M/s. Nagarjuna Construction Company Limited, Muscat - Oman	1,048,499	1,048,499
M/s. NCC International - Kuwait	479,915	439,535
M/s. NCC International - Kingdom of Saudi Arabia (under formation)	191,324	191,324
M/s. NCC Limited (Branch) - Turkmenistan	30,332	30,332
M/s. Nagarjuna Construction Company (Kenya) Limited - Kenya	2,300	2,300
M/s. Nagarjuna Construction Company International (L.L.C.), Muscat - Oman	44,491,453	49,033,216
	<u>339,907,775</u>	<u>329,411,535</u>

\* It includes AED 12,448,372 (P.Y.: AED 11,036,353) being interest debited on the outstanding balances (note 9 (ii)).

(ii) Due to related parties

At the balance sheet date, due to related parties were as follows:

	March 31,	
	2016	2015
	AED	AED
M/s. Nagarjuna Construction Company Limited & Partners (L.L.C.), Muscat - Oman	312,119	312,119
M/s. Nagarjuna Facilities Management Services (L.L.C.), Dubai - U.A.E.	1,142,646	1,155,146
M/s. NCC Limited, Hyderabad - India *	20,094,835	14,643,563
M/s. NCC Infrastructure Holdings Mauritius Pte Limited, Port Louis - Mauritius **	94,341,995	91,326,671
	<u>115,891,595</u>	<u>107,437,499</u>



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

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

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9 Related party transactions (continued)

(ii) Due to related parties (continued)

\* It includes AED 5,451,272 (P.Y.: AED 5,042,071) being interest credited on the unsecured loan {note 6ii}.

\*\* It includes AED 50 million loan obtained from a related party to meet the long term working capital requirements. The loan carries an interest rate LIBOR plus 400 basis points or 12% per annum, whichever is higher, payable quarterly. The Company has paid an interest of AED 3,015,324 (P.Y.: AED 5,994,282) on the said loan to M/s. NCC Infrastructure Holdings Mauritius Pte Limited, Port Louis - Mauritius (a related party) and the same has been recovered from M/s. NCC Urban Infrastructure Company Limited, Dubai - U.A.E. (a related party) {note 9 (i)}.

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

	For the year ended March 31,	
	2016	2015
	AED	AED
Managerial remuneration	1,357,497	1,809,996
Interest on loan paid	11,415,746	11,036,353
Interest on loan received	11,415,746	11,036,353

The Company provides/receives funds to/from related parties as and when required as working capital facilities.

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

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

10 Tangible assets

	<u>Machinery and equipment</u>	<u>Tools and equipment</u>	<u>Construction accessories</u>	<u>Furniture, fixture and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
<b>Cost</b>						
As at March 31, 2014	4,664,567	203,560	556,360	1,158,121	1,718,403	8,101,011
Additions	51,491	37,049	48,830	132,140	145,000	414,510
(Disposals)	-	-	-	(18,500)	(389,328)	(407,828)
As at March 31, 2015	4,716,058	240,609	405,190	1,271,761	1,474,075	8,107,693
(Disposals)	(301,625)	(52,199)	(19,232)	(74,100)	(75,490)	(522,646)
As at March 31, 2016	<b>4,414,433</b>	<b>188,410</b>	<b>385,958</b>	<b>1,197,661</b>	<b>1,398,585</b>	<b>7,585,047</b>
<b>Accumulated depreciation</b>						
As at March 31, 2014	1,116,545	37,164	213,492	504,355	595,865	2,467,421
Charge for the year (On disposal)	377,345	21,076	28,230	333,821	239,502	999,972
As at March 31, 2015	1,493,888	58,240	241,722	820,601	541,581	3,156,032
Charge for the year (On disposal)	366,875	19,893	29,216	121,608	206,317	743,909
As at March 31, 2016	<b>1,715,629</b>	<b>(22,441)</b>	<b>(13,160)</b>	<b>(70,395)</b>	<b>(64,552)</b>	<b>(315,682)</b>
<b>Carrying value as at March 31, 2016</b>	<b>2,698,804</b>	<b>132,718</b>	<b>257,778</b>	<b>871,814</b>	<b>683,346</b>	<b>3,584,259</b>
Carrying value as at March 31, 2015	3,222,170	182,369	163,468	451,160	932,494	4,951,661

Note:

- As a result of change in useful life estimates, there were certain assets whose useful life had expired by April 01, 2014. Therefore, the remaining depreciable carrying value of those assets aggregating to AED Nil (P.Y.: AED 156,251) have been adjusted against reserves (note 4).

- Depreciation includes AED 415,984 (P.Y.: AED 426,650) charged to construction and other expenses (note 18).

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

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

11 Inventories

	March 31,	
	2016	2015
	AED	AED
Materials and consumables	3,659,942	4,825,562
Small tools and implements	124,498	156,438
	3,784,440	4,982,000
Less: Allowance for slow moving inventories	(635,714)	(635,714)
	<u>3,148,726</u>	<u>4,346,286</u>

The above inventories were lying at the site stores in Jebel Ali - Dubai and Salamat - Al Ain, United Arab Emirates.

12 Contract work-in-progress

	March 31,	
	2016	2015
	AED	AED
Value of work completed	170,877,854	109,172,485
Less: Progressive billing	(147,607,937)	(85,005,564)
Contract work-in-progress	<u>23,269,917</u>	<u>24,166,921</u>

13 Contract receivables

	March 31,	
	2016	2015
	AED	AED
Contract receivables	892,744	19,424,202
Less: Provision for doubtful debts	(872,744)	(872,744)
	<u>20,000</u>	<u>18,551,458</u>

Contract receivables are assigned against credit facilities {note 6 (i)}.

a) Ageing analysis:

At the balance sheet date, the ageing of unimpaired contract receivables were as follows:

	March 31,	
	2016	2015
	AED	AED
Neither past due nor impaired	<u>20,000</u>	<u>18,551,458</u>

Nagarjuna Contracting Co. (L.L.C.)

Dubai - United Arab Emirates

Notes to the Financial Statements (continued)

for the year ended March 31, 2016

13 Contract receivables (continued)

b) Credit risk analysis

At the balance sheet date, 1 customers (P.Y.: 2 customers) constituted 100% (P.Y.: 100%) of the total outstanding contract receivables.

14 Loans and advances

(Unsecured and considered good, unless, otherwise stated)

	March 31,	
	2016	2015
	AED	AED
Prepaid expenses	353,872	2,891,911
Guarantee deposit	1,415,000	1,433,000
Advances paid to staff	598,187	653,100
Advances paid to suppliers	508,006	704,542
Advances paid to sub-contractors	4,291,688	19,106,896
Retention receivables	17,984,516	14,579,581
Other deposits	392,812	374,812
Other receivables	925,818	1,105,604
Less: Provision for doubtful debts	(767,199)	(767,199)
	<u>25,702,700</u>	<u>40,082,247</u>

15 Cash and bank balances

	March 31,	
	2016	2015
	AED	AED
Cash in hand	5,804	32,375
Bank balances - current accounts	437,391	1,578,849
Bank balances - short term deposits	253,824	250,943
	<u>697,019</u>	<u>1,862,167</u>

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

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

16 Revenue

	For the year ended March 31,	
	2016	2015
	AED	AED
Contracting income	37,959,635	70,890,008
Contract work-in-progress	23,269,917	24,166,921
	<u>61,229,552</u>	<u>95,056,929</u>

17 Other income

	For the year ended March 31,	
	2016	2015
	AED	AED
Office charges	141,710	-
Excess provision written back	327,988	346,500
Interest income	3,609	-
	<u>473,307</u>	<u>346,500</u>

18 Construction and other expenses

	For the year ended March 31,	
	2016	2015
	AED	AED
Materials consumed	6,926,974	14,798,310
Labour charges	4,926,206	14,115,364
Sub-contract works bills	30,538,033	47,069,914
Depreciation (note 10)	415,984	426,650
Other contract expenses	6,953,652	11,537,004
	<u>49,760,849</u>	<u>87,947,242</u>

19 Employees emoluments

	For the year ended March 31,	
	2016	2015
	AED	AED
Salaries and other related benefits	4,280,919	7,079,839
Managerial remuneration	1,357,497	1,809,996
	<u>5,638,416</u>	<u>8,889,835</u>

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

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

20 General and administrative expenses

	For the year ended March 31,	
	2016	2015
	AED	AED
Rent	176,483	901,319
Travelling and conveyance	356,827	376,790
Advertisement and business promotion	218,750	225,819
Legal, municipal and visa	967,077	1,379,980
Insurance	386,743	538,861
Printing and stationery	108,029	131,124
Communication	184,316	248,233
Loss on disposal of fixed assets	102,359	24,967
Miscellaneous	104,837	120,280
	<u>2,605,421</u>	<u>3,947,373</u>

21 Finance charges

	For the year ended March 31,	
	2016	2015
	AED	AED
Bank interest and charges	327,718	152,027
Bank commissions	593,333	628,647
Interest on loan paid	11,415,746	11,036,353
Interest on loan received	(11,415,746)	(11,036,353)
	<u>921,051</u>	<u>780,674</u>

22 Segment reporting

The Company's operations predominantly consist of construction/project activities. Hence, there are no reportable segments under accounting standard - 17. During the year under audit, the Company's business has been carried in the United Arab Emirates.

23 Basic earnings/(loss) per share

	For the year ended March 31,	
	2016	2015
	AED	AED
Net profit/(loss) for the year	2,449,197	(6,578,766)
Number of shares	300	300
Face value per share	1,000	1,000
Basic earnings/(loss) per share	<u>8,164</u>	<u>(21,929)</u>

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

Notes to the Financial Statements (continued)  
for the year ended March 31, 2016

24 Auditors' remuneration

For the year ended March 31,	
2016	2015
AED	AED
Statutory audit fee	
50,200	50,200

25 Managerial remuneration

For the year ended March 31,	
2016	2015
AED	AED
Salaries	
1,357,497	1,809,996

26 Contingent liabilities

For the year ended March 31,	
2016	2015
AED	AED
Performance guarantee	
24,049,338	18,850,000
Labour guarantee	
825,000	1,433,000
Advance payment guarantee	
9,554,093	28,050,000

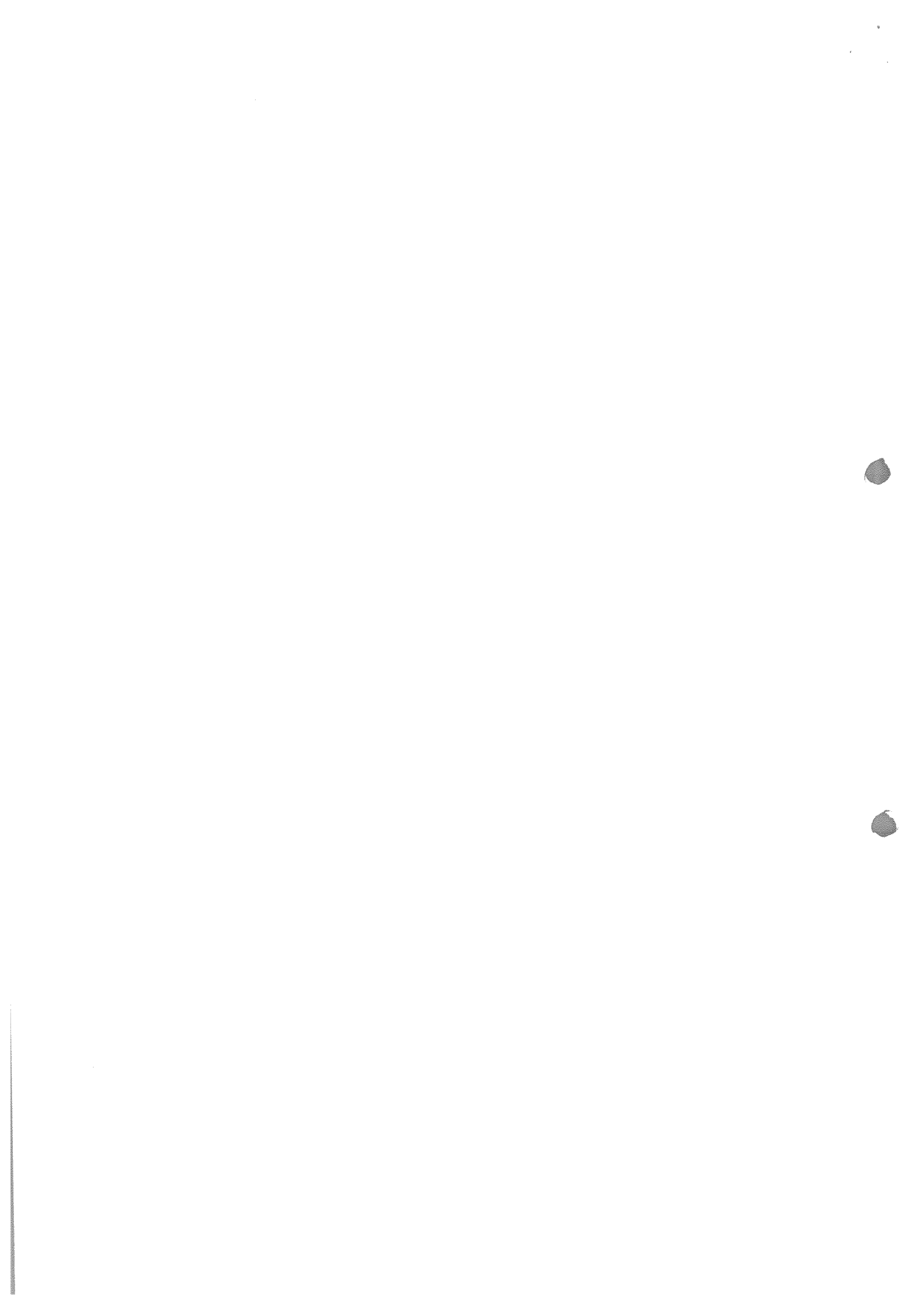
Except for the above and other ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on Company's account as at balance sheet date.

27 Comparative amounts

Certain figures for the previous year were regrouped/reclassified, wherever necessary, to conform to current year's presentation. However, such reclassifications do not have any impact on the previously reported profit or equity.

The financial statements on pages 6 to 21 were approved by Board of Directors on May 21, 2016 and signed on its behalf by:

\_\_\_\_\_  
Managing Director





**NCC LLC DUBAI**  
**BALANCE SHEET AS AT MARCH 31, 2016**

(' in million)

	NOTE NO.	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	3	5.41		5.10	
Reserves and Surplus	4	976.24		986.73	
			981.65		991.83
<b>NON-CURRENT LIABILITIES</b>					
Long-Term Borrowings	5	-		-	
Deferred Tax Liabilities (Net)	6	-		-	
Other Long Term Liabilities	7	-		-	
Long-Term Provisions	8	10.55		19.20	
			10.55		19.20
<b>CURRENT LIABILITIES</b>					
Short-Term Borrowings	9	864.86		803.63	
Trade Payables	10	2,070.14		2,427.98	
Other Current Liabilities	11	3,216.42		2,957.93	
Short-Term Provisions	12	-		-	
			6,151.42		6,189.55
<b>TOTAL</b>			<b>7,143.62</b>		<b>7,200.57</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Fixed Assets</b>					
Tangible Assets	13				
Intangible Assets	13(a)	73.14		84.23	
Capital Work in Progress	13(b)	3.94		3.94	
Non-Current Investments	13(d)	-		-	
Long-Term Loans and Advances	14	-		-	
Other Non-Current Assets	15	-		-	
	16	-		-	
			77.08		88.17
<b>CURRENT ASSETS</b>					
Inventories	17	431.53		480.08	
Trade Receivables	18	0.36		315.56	
Cash and Bank Balances	19	12.57		31.68	
Short-Term Loans and Advances	20	6,308.96		6,050.14	
Other Current Assets	21	313.11		234.95	
			7,066.54		7,112.41
<b>TOTAL</b>			<b>7,143.62</b>		<b>7,200.57</b>

(0.00)

(0.00)

	MARCH 31, 2016		MARCH 31, 2015	
<i>Note 1</i>				
<b>3 SHARE CAPITAL</b>				
Subscribed and Paid up :				
256,583,810 Equity Shares of ₹ 2/- each fully paid up		5.41		5.10
<b>TOTAL</b>		5.41		5.10
<i>Note 2</i>				
<b>4 RESERVES AND SURPLUS</b>				
<b>Foreign Currency Translation Reserve</b>				
As per last Balance Sheet	221.56		188.26	
Add / (Less) : Effect of foreign exchange variations during the year	34.60		33.30	
		256.16		221.56
<b>General Reserve</b>				
As per last Balance Sheet	2.55		2.45	
Add : Transferred from Surplus in Statement of Profit and Loss	-		-	
Add / (Less) : Effect of foreign exchange variations during the year	0.15		0.10	
		2.71		2.55
<b>Surplus in Statement of Profit and Loss</b>				
As per last Balance Sheet	762.62		872.90	
add:			-2.57	
Add : Profit for the year	(45.25)		107.71	
	717.37		762.62	
<b>Less : Appropriations</b>				
Interim Dividend	-		-	
General Reserve	-		-	
Debenture Redemption Reserve	-		-	
Contingency Reserve	-		-	
	-		-	
		717.37		762.62
<b>TOTAL</b>		976.24		986.73

	MARCH 31, 2016		MARCH 31, 2015	
<b>Note 3</b>				
<b>5 NON-CURRENT LIABILITIES</b>				
<b>Long - Term Borrowings</b>				
<b>Secured Loans</b>				
<b>Term Loans :</b>				
From Banks - Rupee Loan - (Refer Note (vi))	-		-	
From Other Parties (Refer Note (vii))	-		-	
Vehicle Loans- (Refer Note (viii))	-		-	
		-		-
<b>TOTAL</b>		-		-
<b>Unsecured Loans</b>				
<b>Debentures</b>				
9.50% Redeemable, Non-convertible Debentures (Refer Note (ix), (x) and (xi))	-		-	
<b>TOTAL</b>		-		-
<b>Note 4</b>				
<b>6 Deferred Tax Liabilities (Net) - (Refer Note (i))</b>				
<b>TOTAL</b>		-		-
<b>Note 5</b>				
<b>7 Other Long Term Liabilities</b>				
<b>Others:</b>				
Advances from Customers	-		-	
<b>TOTAL</b>		-		-
<b>Note 6</b>				
<b>8 Long Term Provisions</b>				
Provision for Employee Benefits - (Refer Note (i) & (ii))				
Provision for gratuity		10.55		19.20
<b>TOTAL</b>		10.55		19.20
<b>Note 7</b>				
<b>9 CURRENT LIABILITIES</b>				
<b>Short - Term Borrowings</b>				
<b>Secured Loans</b>				
<b>From Banks :</b>				
Working Capital Demand Loan - (Refer Note (i))				
- Rupee Loan	-		-	
- Foreign Currency Loan	-		-	
Cash Credit - (Refer Note (i))	33.49		66.17	
		33.49		66.17
<b>Loans From Others :</b>				
Term Loans - (Refer Note (iii))	-		-	
Vehicle Loans - (Refer Note (iv))	-		-	
		-		-
<b>Unsecured Loans</b>				
From Banks				
Commercial Paper - (Refer Note (ii))	-		-	
Less: Unamortized Discount	-		-	
		-		-
Loan from Holding Company		831.37		737.47
<b>TOTAL</b>		864.86		803.63

	MARCH 31, 2016		MARCH 31, 2015	
<b>Note 8</b>				
<b>10 Trade Payables (Refer Note (i))</b>				
Total outstanding dues of creditors other than				
<b>TOTAL</b>				-
Acceptances	-		-	
<b>Note 9</b>				
Other than Acceptances	2,070.14		2,427.98	
		2,070.14		2,427.98
<b>11 Other Current Liabilities</b>				
Current maturities of Long Term Borrowings	-		-	
Term Loans :				
Interest Accrued but not due on borrowings	-		-	
Other Payables				
Statutory remittances	-		-	
Payable on purchase of Fixed Assets	-		-	
Interest on Accrued on Trade Payables	-		-	
Retention Money Payable	216.41		125.72	
Mobilisation Advance	-		-	
Material Advance	-		-	
Advances from Customers	2,091.16		1,827.51	
Other Liabilities	908.85		1,004.70	
<b>TOTAL</b>		3,216.42		2,957.93
<b>Note 10</b>				
<b>12 Short Term Provisions</b>				
Provision for Employee Benefits - (Refer Note _____)				
Provision for Tax - (Refer Note (vii))	-		-	
<b>TOTAL</b>		-		-

	MARCH 31, 2016		MARCH 31, 2015	
	Nos.	in million	Nos.	in million
<b>Note 12</b>				
<b>14 INVESTMENTS</b>				
<b>NON-CURRENT INVESTMENTS (At Cost)</b>				
<b>IN TRADE INVESTMENTS (Unquoted)</b>				
<b>IN SUBSIDIARIES</b>				
<i>In Equity Shares of ` 10/- each., fully paid up</i>				
NCC International Kuwait	0	-	0	-
<b>TOTAL</b>		-		-
<b>Note 13</b>				
<b>15 Long Term Loans and Advances</b>				
<b>TOTAL</b>		-		-
<b>Note 14</b>				
<b>16 Other Non - Current Assets</b>				
<b>TOTAL</b>		-		-
<b>Note 16</b>				
<b>17 Inventories</b>				
Raw Materials	56.27		73.93	
Work-in-progress	375.26		406.15	
Finished Goods	-		-	
Stores and Spares	-		-	
Loose Tools	-		-	
Property Development Cost - (Refer Note (i))	-		-	
		431.53		480.08

	MARCH 31, 2016		MARCH 31, 2015	
<b>Note 17</b>				
<b>18 Trade Receivables outstanding for a period exceeding six months from the date they were due for payment</b>				
Unsecured Considered Good	-		0.00	
Doubtful	0.00		0.00	
	0.00		0.00	
Others, Considered Good	-		-	
	-		-	
Less : Provision for doubtful debts	0.00		0.00	
	-		-	
<b>Note 18</b>				
<b>Other Trade receivables</b>				
Unsecured Considered Good	16.11		330.41	
Doubtful	-		-	
	16.11		330.41	
Less : Provision for doubtful debts	-		14.85	
	0.36		315.56	
		0.36		315.56
<b>19 Cash and Bank Balances</b>				
<b>Cash and Cash Equivalents</b>				
Cash on hand - (Refer Note (iii))	0.10		0.55	
<b>Balances with Banks :</b>				
In Current Accounts	7.89		26.86	
With Scheduled Banks - (Refer Note (ii))	-		-	
In Deposit Accounts (less than 3 months maturity)	4.58		4.27	
		12.57		31.68
<b>Other Bank Balances</b>				
<b>In Deposit Accounts</b>				
With Scheduled Banks				
Margin Money Deposits - (Refer Note (iv))	-		-	
Long Term Deposits with maturity more than 3 months and	-		-	
		-		-
		12.57		31.68
<b>Note 19</b>				
<b>20 Short Term Loans and Advances</b>				
Unsecured considered good				
Loans and Advances to Employees		6.24		11.10
Prepaid Expenses		13.44		49.19
Advances to Suppliers, Sub-contractors and Others				
Considered Good	6,141.95		5,634.04	
Considered Doubtful	-		-	
	6,141.95		5,634.04	
Less : Provision for doubtful advances	-		-	
		6,141.95		5,634.04
Advances recoverable in cash or in kind or for value to be received		147.32		355.81
Advance Taxes and Tax Deducted at Source		-		-
		6,308.95		6,050.14
<b>Note 20</b>				
<b>21 Other Current Assets</b>				
Retention Money		313.11		234.95
Interest Accrued on Deposits		-		-
<b>TOTAL</b>		<b>313.11</b>		<b>234.95</b>