



**Report of the auditors of NCC Limited – NAGARJUNA
CONTRACTING CO. L.L.C. DUBAI**

To Messers.S.R.Batlilboi & Associates LLP auditors of NCC Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **NAGARJUNA CONTRACTING CO. L.L.C. DUBAI**, which comprises of the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income) and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

These financial statements have been prepared by the management of the Branch on the basis of instructions received in this regard from NCC Limited ("NCCL") solely for use by NCCL in the preparation of its consolidated financial statement in accordance with the requirements of Companies Act, 2013 (hereinafter referred to as "the Act"), in conformity with the accounting policies followed by NCCL and not to report on of **NAGARJUNA CONTRACTING CO. L.L.C. DUBAI** as a separate entity and should be read in that context.

This report is intended solely for the use of **Messers. S.R.Batlilboi & Associates LLP** auditors of NCCL, in connection with the audit of the consolidated financial statements of NCCL prepared in accordance with generally accepted accounting principles in India and Schedule III to Act to the extent applicable and should not be used for any other purpose.

Management's Responsibility for the Financial Statements

The Branch's Management is responsible for the preparation of these financial statements in terms of the requirements of the act that give a true and fair view of the financial position, financial performance and cash flows of the Branch in accordance with accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act, read with Rule 7 of companies (accounts) rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Branch and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 examination. We conducted our examination in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the examination to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Examination of financial statements involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Branch's preparation of the financial statements that give a true and fair view in order to design examination procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Branch has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An examination also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Branch's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion these financial statements have been prepared, in all material respects, in conformity with accounting policies of NCCL and are suitable for inclusion in the financial statements of NCCL prepared in accordance with the requirements of Companies Act, 2013.

We further state that there are no matters that, in our judgment, need to be reported to you.

For M/s POTNURU AND ASSOCIATES
Chartered Accountants
Firm Reg No.013007S

P. Ananda Rao

P. Ananda Rao
Partner

Membership No:-218494



Place: Hyderabad

Date: 14/05/2024

UDIN: 24218494BKBIAK2477

NAGARJUNA CONTRACTING CO. L.L.C. DUBAI
BALANCE SHEET AS AT MARCH 31, 2024

(Rs Crore)

Description	Note	As At March 31, 2024		As At March 31, 2023	
ASSETS					
1. Non-current assets					
(a) Property, Plant and Equipment		-		-	
(b) Goodwill		-		-	
(c) Financial Assets					
(i) Long term Trade Receivable		-		-	
(d) Other non-current assets		-		-	
2. Current assets					
(a) Inventories		-		-	
(b) Financial Assets					
(i) Trade receivables		-		-	
(ii) Cash and cash equivalents	3	-		-	
(iii) Bank balances other than (ii) above		-		-	
(iv) Loans		-		-	
(iv) Other financial Assets		-		-	
(c) Other current assets		-		-	
TOTAL		-		-	
EQUITY AND LIABILITIES					
1. Equity					
(a) Equity Share capital	4	0.68		0.67	
(b) Other Equity	5	(0.68)		(0.67)	
2. Non-current liabilities					
(a) Provisions		-		-	
3. Current liabilities					
(a) Financial Liabilities					
(i) Borrowings		-		-	
(ii) Trade payables		-		-	
(ii) Other Financial liabilities	6	-		-	
(b) Provisions		-		-	
(C) Other Current liabilities		-		-	
Total		-		-	
See accompanying notes to the financial statements					

For and On Behalf of the Board
Nagarjuna Contracting Company LLC, Dubai


Authorized Signatory



P. Ananda Rao
Partner



UDIN: 24218494 BK BIA K 2477

Date: 14/05/2024

Nagarjuna Contracting Co LLC Dubai
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(Rs Crore)

	Note	Year ended March 31, 2024		Year ended March 31, 2023	
REVENUE					
Revenue from Operations		-		-	
Other Income	7	-		-	
Total Revenue			-		-
EXPENSES					
Cost of Materials Consumed		-		-	
Other Construction Expenses	8	-		-	
Employee Benefits Expense	9	-		-	
Finance Costs	10	-		0.00	
Depreciation and Amortization Expense		-		-	
Other Expenses	11	-		-	
Total Expenses			-		0.00
Profit Before Exceptional Items and Tax			-		(0.00)
Exceptional Items			-		-
Profit Before Tax			-		(0.00)
Tax Expense					
- Current Tax		-		-	
- Deferred Tax		-		-	
Profit for the year			-		(0.00)
Other comprehensive income					
Changes in Foreign Currency Translation Reserve	5		(0.01)		(0.08)
Other comprehensive income for the period			(0.01)		(0.08)
Total comprehensive income for the period			(0.01)		(0.08)

For and On Behalf of the Board
Nagarjuna Contracting Company LLC, Dubai

J. Uday
Authorized Signatory

FOR POTNURU AND ASSOCIATES
Chartered Accountants



P. Ananda Rao
Partner



Nagarjuna Contracting Co LLC Dubai
Statement of Changes in Equity for the year ended 31st March 2024

(Rs cr)

Description	Reserves & Surplus		Foreign Currency Translation Reserve	Total
	Retained earnings	General Reserve		
Balance as at April 1, 2022	(15.76)	0.31	14.83	(0.62)
Profit for the year / FCTR Adjustments	-	0.03	(0.08)	(0.05)
Balance at the end of the March 31, 2023	(15.76)	0.34	14.75	(0.67)
Balance as at April 1, 2023	(15.76)	0.34	14.75	(0.67)
Profit for the year / FCTR Adjustments	-	-	(0.01)	(0.01)
Balance at the end of the March 31, 2024	(15.76)	0.34	14.74	(0.68)

Accompanying Notes form an integral part of the Financial Statements

For and on behalf of the Board
Nagarjuna Contracting Co LLC Dubai



Authorized Signatory



	As At March 31, 2024		As At March 31, 2023	
	No. of Shares	(Rs crs)	No. of Shares	(Rs crs)
Note 4				
SHARE CAPITAL				
Authorised Capital:				
Equity Shares of 1000 AED (equivalent to Rs.22710) each fully paid up { 31.03.2023 :1000 AED each (equivalent to Rs.22370) }	300.00	0.68	300.00	0.67
Issued, Subscribed and Paid up :				
Equity Shares of 1000 AED (equivalent to Rs.22710) each fully paid up { 31.03.2023 :1000 AED each (equivalent to Rs.22370) }	300.00	0.68	300.00	0.67
TOTAL		0.68	-	0.67

Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

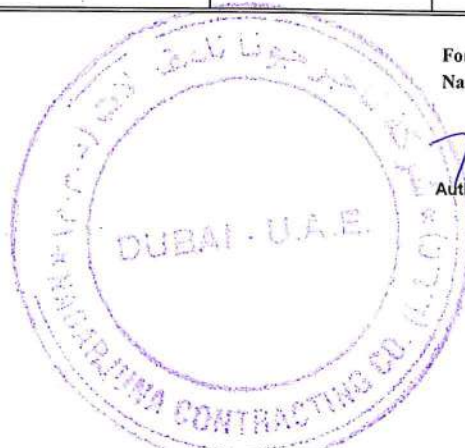
	As At March 31, 2024		As At March 31, 2023	
	No. of Shares	(Rs crs)	No. of Shares	(Rs crs)
Outstanding at the beginning of the year	300	0.67	300	0.60
Issued during the year	-	-	-	-
Foreign exchange translation adjustment		0.01		0.07
Outstanding at the end of the year	300	0.68	300	0.67

Details of shares held by each Shareholder holding more than 5% of the Shares

	As At March 31, 2024		As At March 31, 2023	
	No. of Shares	% Holding	No. of Shares	% Holding
NCC Limited and its nominees*	300.00	100%	300.00	100%

*Includes 51% shares (nominee shares) held by Mrs. Salma Saeed Salem Musallam Alkitbi in Nagarjuna Contracting Co. L.L.C. Dubai pursuant to nominee partner agreement dated 20.06.2005.

	As At March 31, 2024		As At March 31, 2023	
Note 5				
OTHER EQUITY				
General Reserve				
As per last Balance Sheet	0.34		0.31	
Add / (Less) : Effect of foreign exchange variations during the year		0.34	0.03	0.34
Surplus in Statement of P&L				
As per last Balance Sheet	(15.76)		(15.76)	
Add : Profit for the year	-		-	
Other Comprehensive Income				
Changes in Foreign Currency Translation Reserve	14.75		14.83	
Add : Exchange difference during the year	(0.01)		(0.08)	
		14.74		14.75
TOTAL		(0.68)		(0.67)



For and on behalf of the Board
Nagarjuna Contracting Co LLC Dubai

J.K. Chetty
Authorized Signatory

Nagarjuna Contracting Co LLC Dubai
Notes forming part of the financial statements

Note No. 12

Contingent Liabilities and Commitments : Rs. Nil (31.03.2023: Rs. Nil)

Note No. 13

Related parties and nature of their relationship

(i) List of Related Parties

Name of the Related Party	Relationship
NCC Limited	Ultimate Holding Company
Mrs. Salma Saeed Salem Musallam Alkitbi	Co promoter

(ii) Transactions with Related parties during the year

(in Rs. cr)	
Year Ended March 31, 2024	Year Ended March 31, 2023
Nil	Nil

Note No. 14

Earnings Per Share

	Year Ended March 31, 2024	Year Ended March 31, 2023
Net profit after tax (in Rs. cr)	-	-
Weighted Average number of equity shares for Basic EPS (Nos)	300	300
Weighted Average number of equity shares for Diluted EPS (Nos)	300	300
Basic & Diluted EPS (in Rs.)	-	-

Note No. 15

Exchange rate used for translation of year end balances is Rs. 22.71 per AED (31.03.2023: Rs. 22.37 per AED).

Note No. 16

Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure.



K. Ullas



Nagarjuna Contracting Co LLC Dubai
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(In AED)

	Note	Year ended MARCH 31,2024		Year ended MARCH 31,2023	
REVENUE					
Revenue from Operations		-	-	-	-
Other Income	7	-	-	-	-
Total Revenue		-	-	-	-
EXPENSES					
Cost of Materials Consumed		-	-	-	-
Other Construction Expenses	8	-	-	-	-
Employee Benefits Expense	9	-	-	-	-
Finance Costs	10	-	-	-	-
Depreciation and Amortization Expense		-	-	-	-
Other Expenses	11	-	-	-	-
Total Expenses		-	-	-	-
Profit Before Exceptional Items and Tax		-	-	-	-
Exceptional Items		-	-	-	-
Profit Before Tax		-	-	-	-
Tax Expense		-	-	-	-
- Current Tax		-	-	-	-
- Deferred Tax		-	-	-	-
Profit for the year		-	-	-	-
Other comprehensive income		-	-	-	-
Changes in Foreign Currency Translation Reserve	5	-	-	-	-
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	-	-

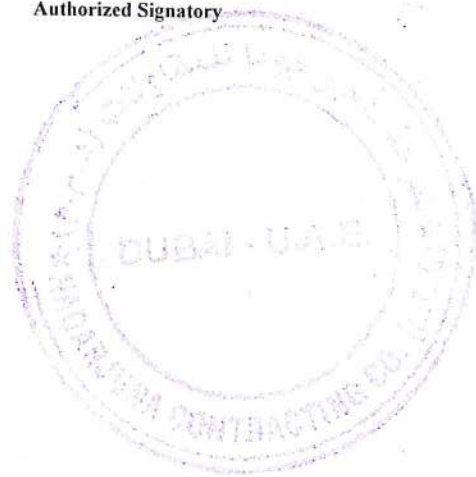
For and on behalf of the Board
Nagarjuna Contracting Co LLC Dubai


Authorized Signatory

FOR POTNURU AND ASSOCIATES
Chartered Accountants




P. Ananda Rao
Partner



NAGARJUNA CONTRACTING CO. L.L.C. DUBAI
BALANCE SHEET AS AT MARCH 31, 2024

(In AED)

Description	Note	As At March 31, 2024		As At March 31, 2023	
ASSETS					
1. Non-current assets					
(a) Property, Plant and Equipment		-		-	
(b) Goodwill		-		-	
(c) Financial Assets					
(i) Long term Trade Receivable		-		-	
(d) Other non-current assets		-		-	
2. Current assets					
(a) Inventories		-		-	
(b) Financial Assets					
(i) Trade receivables		-		-	
(ii) Cash and cash equivalents	3	-		-	
(iii) Bank balances other than (ii) above		-		-	
(iv) Loans		-		-	
(iv) Other financial Assets		-		-	
(c) Other current assets		-		-	
TOTAL			-		-
EQUITY AND LIABILITIES					
1. Equity					
(a) Equity Share capital	4	3,00,000		3,00,000	
(b) Other Equity	5	(3,00,000)		(3,00,000)	
2. Non-current liabilities					
(a) Provisions		-		-	
3. Current liabilities					
(a) Financial Liabilities					
(i) Borrowings		-		-	
(ii) Trade payables		-		-	
(ii) Other Financial liabilities	6	-		-	
(b) Provisions		-		-	
(c) Other Current liabilities		-		-	
Total			-		-
See accompanying notes to the financial statements					

FOR POTNURU AND ASSOCIATES
Chartered Accountants

P. Ananda Rao
Partner



For and on behalf of the Board
Nagarjuna Contracting Co LLC Dubai

[Signature]
Authorized Signatory



	As At March 31, 2024		As At March 31, 2023	
	No. of Shares	(In AED)	No. of Shares	(In AED)
Note 4				
SHARE CAPITAL				
Authorised Capital:				
Equity Shares of 1000 AED each fully paid up (31.03.2021 :1000 AED each)	300.00	3,00,000	300.00	3,00,000
Issued, Subscribed and Paid up :				
Equity Shares of 1000 AED each fully paid up (31.03.2021 :1000 AED each)	300.00	3,00,000	300.00	3,00,000
TOTAL		3,00,000	-	3,00,000

Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

	As At March 31, 2024		As At March 31, 2023	
	No. of Shares	(In AED)	No. of Shares	(In AED)
Outstanding at the beginning of the year	300	3,00,000	300	3,00,000
Issued during the year	-	-	-	-
Foreign exchange translation adjustment	-	-	-	-
Outstanding at the end of the year	300	3,00,000	300	3,00,000

Details of shares held by each Shareholder holding more than 5% of the Shares

	As At March 31, 2024		As At March 31, 2023	
	No. of Shares	% Holding	No. of Shares	% Holding
NCC Limited (Indian)	147.00	49%	147.00	49%
NCC Limited and its nominees* (Foreign On behalf of NCC Limited, India)	153.00	51%	153.00	51%

*Includes 51% shares (nominee shares) held by Mrs. Salma Saeed Salem Musallam Alkitbi in Nagarjuna Contracting Co. L.L.C. Dubai pursuant to nominee partner agreement dated 20.06.2005.

	As At March 31, 2024		As At March 31, 2023	
Note 5				
OTHER EQUITY				
General Reserve				
As per last Balance Sheet	1,50,000		1,50,000	
Add / (Less) : Effect of foreign exchange variations during the year	-	1,50,000	-	1,50,000
Surplus in Statement of P&L				
As per last Balance Sheet	(4,50,000)		(4,50,000)	
Add : Profit for the year	-		-	
Other Comprehensive Income				
Changes in Foreign Currency Translation Reserve	-	(4,50,000)	-	(4,50,000)
Add : Exchange difference during the year	-		-	
TOTAL		(3,00,000)		(3,00,000)



For and on behalf of the Board
Nagarjuna Contracting Co LLC Dubai

K. U...
Authorized Signatory



Notes forming part of the financial statements for the year ended March 31, 2024

1 General Information:

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

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.

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

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

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

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, 2017.

2 Significant accounting policies:

2.1 Statement of compliance

The principal accounting policies are summarised below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

2.2 Basis of preparation and presentation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 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.

2.4 Fair Value Measurement

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 principal or the most advantageous market must be accessible to the Entity.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.5 Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on a Straight Line Basis to the income statement and the rate of Depreciation charged is as follows:

2.6 Impairment of tangible assets

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

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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

2.7 Financial instruments

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

2.8 Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2.9 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity's loans and receivables comprise "contract and other receivables", "due from related parties", "loan to a related party" and "cash and cash equivalents" in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

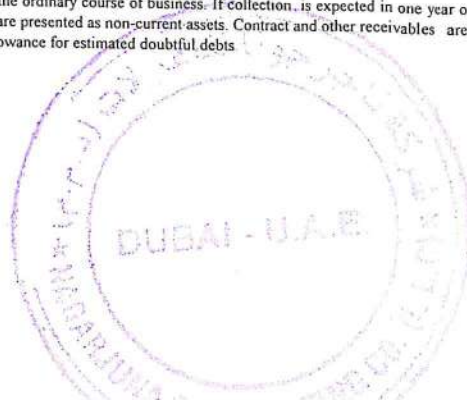
2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in 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.

2.11 Contracts and other receivables

Contract receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Contract and other receivables are initially recognised at fair value and subsequently measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

2.12 Impairment of financial assets



Assets carried at amortised cost

The Entity assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the income statement.

2.13 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 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.

2.14 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 retention payables, bank borrowings and contract and other payables and due to/loans from related parties.

2.15 Contracts 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.

2.16 Related Party Transactions

Amounts due from/loan to related parties are stated at amortised cost.

2.17 Loans and borrowings

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the year in which they arise.

2.18 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.

2.19 Offsetting of 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.

2.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.21 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.

2.22 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.23 Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract, when the outcome of the transaction and related revenue and cost can be measured reliably, and that economic benefit flows to the Entity.

2.24 Construction Contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work.

For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under contract and other receivables.

2.25 Allowance for doubtful debts

Allowances for doubtful debts are determined using a combination of factors to ensure that contract receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's inability to meet its financial obligations.

2.26 Fair Value Measurement

For the purpose of fair value disclosures, the Entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Entity uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The Entity has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements.

2.27 The figures are converted in AED based on Audited Financials



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