

**NAGARJUNA CONSTRUCTION CO.
LTD. & PARTNERS L.L.C. - OMAN
FINANCIAL STATEMENTS
31 MARCH 2018**

H. C. Shah



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**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN**

**Report on the Financial Statements
Opinion**

We have audited the accompanying financial statements of NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN which comprise the statement of financial position as at 31 MARCH 2018 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 2 to 12.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 MARCH 2018, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Management

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the disclosure requirements of the Oman Companies Law 1974, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

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.

**H. C. SHAH
CHARTERED ACCOUNTANTS.**



NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	NOTE	31-3-2018 R.O.	31-3-2017 R.O.
ASSETS			
Non Current Assets			
Property, Plant and Equipment	3.	<u>33,367</u>	<u>41,382</u>
		<u>33,367</u>	<u>41,382</u>
Current Assets			
Accounts Receivable	4.	1,800	1,800
Bank Balances and Cash	5.	<u>2,189</u>	<u>2,189</u>
		<u>3,989</u>	<u>3,989</u>

TOTAL ASSETS	R.O	37,356	45,371
		=====	=====
 EQUITIES AND LIABILITIES			
Members' Equity			
Share Capital		150,000	150,000
Legal Reserve	6.	36,485	36,485
Accumulated (Loss)		<u>(1,529,012)</u>	<u>(1,523,907)</u>
		<u>(1,342,527)</u>	<u>(1,337,422)</u>
 Current Liabilities			
Accounts Payable and Provisions	7.	7,322	6,235
Amounts Due to Related Parties	8.	<u>1,372,561</u>	<u>1,376,558</u>
		<u>1,379,883</u>	<u>1,382,793</u>

TOTAL EQUITY AND LIABILITIES	R.O	37,356	45,371
		=====	=====

The notes on pages 6 to 12 form part of these financial statements

Auditor:



Authorised Signatory:

NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	NOTE	31-3-2018 R.O.	31-3-2017 R.O.
Turnover		--	--
Cost of Turnover		<u>--</u>	<u>--</u>
Gross Profit / (Loss)		--	--
Other Income	9.	<u>6,463</u>	<u>922</u>
		6,463	922
Administrative & General Expenses	10.	<u>(3,985)</u>	<u>(4,670)</u>
Profit / (Loss) Before Depreciation		2,478	(3,748)
Depreciation for the year		<u>(7,496)</u>	<u>(9,339)</u>
Net (Loss) for the year		(5,018)	(13,087)
Provision for Income Tax		<u>(87)</u>	<u>--</u>
(Loss) for the year		(5,105)	(13,087)
Accumulated (Loss) Brought Forward		(1,523,907)	(1,510,820)
		-----	-----
ACCUMULATED (LOSS) CARRIED FORWARD	R.O.	(1,529,012)	(1,523,907)
		=====	=====

The notes on pages 6 to 12 form part of these financial statements

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share Capital R.O.	Legal Reserve R.O.	Accumulated Profit / (Loss) R.O.	Total R.O.
Year to 31 March 2017				
At 31 March 2016	150,000	36,485	(1,510,820)	(1,324,335)
Net (Loss) for the year	--	--	(13,087)	(13,087)
	-----	-----	-----	-----
At 31 March 2017 R.O.	150,000	36,485	(1,523,907)	(1,337,422)
	=====	=====	=====	=====
Year to 31 March 2018				
At 31 March 2017	150,000	36,485	(1,523,907)	(1,337,422)
Net (Loss) for the year	--	--	(5,018)	(5,018)
Income Tax Expenses	--	--	(87)	(87)
	-----	-----	-----	-----
At 31 March 2018 R.O.	150,000	36,485	(1,529,012)	(1,342,527)
	=====	=====	=====	=====

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

	31-3-2018 R.O.	31-3-2017 R.O.
1. Cash Flow from Operating Activities		
a) Net (Loss) for the year	(5,018)	(13,087)
Add: Non - Cash charges - Depreciation	7,496	9,339
Add: Profit / (Loss) on Sale of Property, Plant & Equipment	<u>(2,532)</u>	<u>(2,583)</u>
Net Changes due to Operating (Loss)	<u>(54)</u>	<u>(6,331)</u>
b)		
Changes in Working Capital		
(Decrease) / Increase in Accounts Payable	1,087	(20,488)
Amount Due from / to Related Party (Net)	<u>(3,997)</u>	<u>17,888</u>
Net Changes in Working Capital	<u>(2,910)</u>	<u>(2,600)</u>
Net Cash Flow (used in) / from Operating Activities (A)	1a - 1b <u>(2,964)</u>	<u>(8,931)</u>
2. Cash Flow from Financing Activities		
a) Sale Proceeds from Disposal of Property, Plant & Equipment	3,051	8,931
Net Cash (used in) / from Financing Activities (B)	2a <u>3,051</u>	<u>8,931</u>
Net Increase / (Decrease) in Cash and Cash equivalents (A+B)	--	--
Cash and Cash equivalents at the beginning of the year	<u>2,189</u>	<u>2,189</u>
Cash and Cash equivalents at the end of the year	R.O. 2,189	2,189
	=====	=====
COMPRISING OF:		
1. Bank Balances	<u>2,189</u>	<u>2,189</u>
	R.O. 2,189	2,189
	=====	=====

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Auditor:



Authorised Signatory:

NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018 (CONTD.)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES:

Nagarjuna Construction Co. Ltd. & Partners L.L.C. - Oman is a Limited Liability Company with mixed ownership with C.R. No. 1/77675/4 registered under the Commercial Laws of the Sultanate of Oman. The Company is engaged in Construction and maintenance of roads, bridges, dams, building and tunnels, construction and maintenance of seaports, building constructions, electrical and mechanical constructions, electricity and water projects, etc.

On 20.08.2017, The Company has filed for Liquidation and same has been reflected in Official Gazette no. 1206.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to each of the years presented in the financial statements, unless otherwise stated.

2.1 BASIS OF PREPARATION:

a. These financial statements are prepared on the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Oman Commercial Companies Law 1974, as amended. The financial statements have been presented in Omani Rial ("R.O.").

b. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where accounting assumptions and estimates are significant to the financial statements are disclosed in the accounting policies and notes to the financial

c. *Standards and Amendments effective in 2017 and relevant for the company's operation :*
For the year ended 31 December 2017, the company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the periods beginning on 1 January 2017. The adoption of these standards and interpretation has not resulted in changes to the company's accounting policies and had not effected the amounts reported for the current year.

d. *Standards, Amendments and Interpretations to existing standards that are not yet effective and have not been early adopted by the company :*
The following Standards, Amendments & Interpretations to the existing Standards have been published and are mandatory for the companies accounting period beginning on or after 01 January 2018 or later periods, but the company has not early adopted them and the impact of these standards and interpretations can not be reasonably estimated as at 31 December 2017.

IFRS 9 Financial Instruments (effective on or after 1 January 2018).

IFRS 15 Revenue from Contracts with Customer (effective on or after 1 January 2018).

IFRS 16 Leases (effective on or after 1 January 2019).

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018 (CONTD.)

2.1 GOING CONCERN:

As at 31 March 2018 the Company had accumulated losses of R.O. 1,529,012/- and Net Liabilities of R.O. 1,342,527/-. These factors, amongst others, indicate that the Company shall require continued financial support from its Members.

However, these financial statements have been prepared on a going concern basis, based upon the Company's assumption that the members will continue to provide support for the Company to meet its liabilities as they fall due.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

2.2 REVENUE RECOGNITION:

Revenue comprises the fair value of the consideration received or receivable from Contract in the ordinary course of the Company's activities. Revenue is shown net of returns. Revenue from Other Income is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer.

2.3 PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all costs directly attributable to bringing the asset to its working condition for their intended use. Depreciation is charged on a straight line basis to the income statement over the expected useful lives of the assets as follows:

Plant & Machinery	21 years
Office Vehicles	10.53 years
Construction Vehicles	8.84 years
Furniture & Fixtures *	upto 21 years
Office Equipment *	upto 21 years
Tools & Equipment	21 years
Construction Accessories	5 years

* As per Company's Policy, items with value below R.O. 42/- are written off fully in the year of

2.4 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 inventory and bringing them to their existing location and condition. Net realisable value is the price at which inventory can be sold in the normal course of business after allowing for the costs of realisation. In the case of finished goods, cost includes the appropriate share of overheads based on normal operating capacity.

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018 (CONTD.)****2.5 ACCOUNTS RECEIVABLE:**

Accounts receivable are stated at original invoice amounts less a provision for any uncollectible amounts. An estimation for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

2.6 ACCOUNTS PAYABLE AND PROVISIONS:

Liabilities are recognised for amounts to be paid for goods and services rendered, whether or not billed to the company.

Provisions are recognised when the company has a present obligation (legal or constructive) arising from past events, and the cost to settle the obligation are both probable and able to be reliably measured.

2.7 BORROWING COSTS:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the company has unconditional right to defer settlement of the liability for at least twelve month after the reporting date.

2.8 IMPAIRMENT:

The carrying amounts of the Company's assets, other than stocks are reviewed at each financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount. Impairment is determined as follows:

- a. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement.
- b. For assets carried at cost, impairment is the difference between the carrying value and the present value of the future cash flows discounted at the current market rate of return for similar assets.
- c. For assets carried at amortised cost, impairment is the difference between the carrying value and the present value of future cash flows discounted at the effective interest rate.

2.9 END OF SERVICE BENEFITS AND LEAVE ENTITLEMENTS:

Provision for non - Omani employees' end of service benefit is accrued in accordance with the terms of employment of the company's employees at the financial position date, having regard to the requirement of the Oman Labour Law. Employee entitlements to annual leave and leave passage are recognised when they accrue to employees and an accrual is made for the estimated liability for the annual leave as a result of services by employees upto the financial position date.

Contributions to defined contribution retirement plan, for Omani employees in accordance with Oman Social Insurance Scheme, are recognised as an expense in the statement of comprehensive income as incurred.

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018 (CONTD.)

2.10 RISK MANAGEMENT:

The Company has exposure to credit risk, liquidity risk and market risk in its normal course of business.

- a. **Credit risk:** Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial contract fails to meet the contractual obligations. The exposure to credit risk is monitored on an ongoing basis by the management and these amounts are considered recoverable by the Company's management.
- b. **Liquidity risk:** Liquidity risk is the risk that the Company can default in meeting the obligations associated with its financial liabilities. The Company assures that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.
- c. **Market risk:** Market risk is the risk that changes in market prices, such as foreign currency rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

2.11 RELATED PARTY TRANSACTIONS:

The Company has entered into transactions with entities over which certain Directors are able to exercise significant influence. In the ordinary course of business, such related parties provide goods and render services to the company. The company believes that the terms of purchases, and provision of services are comparable with those that could be obtained from third parties.

2.12 TAXATION

The Company's assessments for the years 2011-12 to 2016-17 have not yet been finalised with the Department of Taxation Affairs at the Ministry of Finance.

2.13 LEGAL RESERVE:

Article 106 of the Commercial Companies Law of 1974 requires that 10% of a Company's Net Profit be transferred to a non-distributable legal reserve until the amount of the legal reserve equals one-third of the Company's issued share capital.

2.14 FAIR VALUE OF FINANCIAL INSTRUMENTS:

Financial instruments comprise of financial assets and liabilities. Financial assets consist of cash and bank balances and trade and other receivables. Financial liabilities consist of bank overdrafts, trade and other payables and related party dues. The fair value of financial instruments is not significantly different from their carrying values.

2.15 FOREIGN CURRENCY:

Transactions in foreign currency are recorded at the rate at the date of transaction, Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All the differences are taken to the statement of loss at the exchange rates prevailing at the balance sheet date. Differences on exchange are dealt with in the profit and loss account as they arise.

NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN
NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018 (CONTD.)
3. PROPERTY, PLANT AND EQUIPMENT:

	Plant & Machinery R.O.	Office Vehicles R.O.	Construction Vehicles R.O.	Furniture & Fixtures R.O.	Office Equipment R.O.	Tools & Equipment R.O.	Construction Accessories R.O.	TOTAL R.O.
COST :								
At 31 March 2016	166,525	162,732	30,002	15,174	43,449	20,191	103,210	541,283
Cost of Disposals	(17,195)	(6,848)	--	--	--	--	--	(24,043)
At 31 March 2017	149,330	155,884	30,002	15,174	43,449	20,191	103,210	517,240
DEPRECIATION:								
At 31 March 2016	135,842	154,594	28,500	13,014	41,277	12,937	98,050	484,214
Charge for the year	5,400	--	--	1,169	--	2,770	--	9,339
Relating to Disposals	(11,189)	(6,506)	--	--	--	--	--	(17,695)
At 31 March 2017	130,053	148,088	28,500	14,183	41,277	15,707	98,050	475,858
NET BOOK VALUE								
AT 31 MARCH 2017 R.O.	19,277	7,796	1,502	991	2,172	4,484	5,160	41,382
COST :								
At 31 March 2017	149,330	155,884	30,002	15,174	43,449	20,191	103,210	517,240
Cost of Disposals	--	(6,729)	--	--	--	--	(3,639)	(10,368)
At 31 March 2018	149,330	149,155	30,002	15,174	43,449	20,191	99,571	506,872
DEPRECIATION:								
At 31 March 2017	130,053	148,088	28,500	14,183	41,277	15,707	98,050	475,858
Charge for the year	4,414	--	--	312	--	2,770	--	7,496
Relating to Disposals	--	(6,392)	--	--	--	--	(3,457)	(9,849)
At 31 March 2018	134,467	141,696	28,500	14,495	41,277	18,477	94,593	473,505
NET BOOK VALUE								
AT 31 MARCH 2018 R.O.	14,863	7,459	1,502	679	2,172	1,714	4,978	33,367

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN
NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018 (CONTD.)

	31-3-2018 R.O.	31-3-2017 R.O.
4. ACCOUNTS RECEIVABLE		
Advances, Other Deposits & Receivables	1,800	1,800
R.O.	1,800	1,800
5. BANK BALANCES AND CASH		
Bank Muscat - Current Accounts	2,189	2,189
R.O.	2,189	2,189
6. LEGAL RESERVE		
Balance at 31 March 2018	36,485	36,485
R.O.	36,485	36,485
7. ACCOUNTS PAYABLE AND PROVISIONS		
Sundry Creditors for Purchases	3,725	3,725
Sundry Creditors for Expenses	2,510	1,510
Provision for Income Tax	87	--
Accrued Expenses	1,000	1,000
R.O.	7,322	6,235
8. DUE TO RELATED PARTIES		
NCC Ltd., Hyderabad	20,178	20,178
NCC Ltd., Oman Branch	310,179	310,179
Nagarjuna Construction Co. International LLC, Oman	1,042,204	1,046,201
R.O.	1,372,561	1,376,558

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NAGARJUNA CONSTRUCTION CO. LTD. & PARTNERS L.L.C. - OMAN
NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2018 (CONTD.)

	31-3-2018 R.O.	31-3-2017 R.O.
9. OTHER INCOME		
Profit / (Loss) on Disposal of Fixed Assets	2,532	2,583
(Loss) on Disposal of Fixed Assets	--	(5,592)
Miscellaneous Income	3,931	3,931
	<u>6,463</u>	<u>922</u>
R.O.		
10. ADMINISTRATIVE AND GENERAL EXPENSES		
Establishment Expenses	3,985	1,900
Vehicle Repairs and Expenses	--	2,770
	<u>3,985</u>	<u>4,670</u>
R.O.		

11. PREVIOUS YEAR'S FIGURES

Previous year's figures have been regrouped wherever necessary to conform to current year's presentation.