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

Auditor's report and financial statements
For the year ended March 31, 2019

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

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

General information

Principal Office Address	: P.O. Box: 117333 Dubai - United Arab Emirates	
Website	: www.ncclimited.com	
The Managing Director	: Name Mr. Narayana Raju Alluri	Nationality Indian
The Auditor	: Crowe Mak P.O. Box: 262794 Dubai - United Arab Emirates	
The Main Banks	: Mashreq Bank First Abu Dhabi Bank Emirates Islamic Bank PJSC	

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

Managing Director's report

The Managing Director has pleasure in presenting his report and the audited financial statements for the year ended March 31, 2019.

Principal activities of the Entity:

The Entity is licensed to engage in electromechanical equipment installation & maintenance, undertaking building, road, sewage & drainage, water pipelines & stations contracting works.

Financial review:

The table below summarizes the results denoted in Arab Emirates Dirham (AED).

	2019	2018
Net profit/(loss) for the year	**32,276,992**	(10,470,598)

Role of the Managing Director

The Managing Director is the Entity's principal decision-making authority. The Managing Director has the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through his guidance and supervision of the Entity's business. The Managing Director sets the strategies and policies of the Entity. He monitors performance of the Entity's business, guides and supervises its management.

Events after year end:

In the opinion of the Managing Director, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

Statement of Managing Director's responsibilities:

The applicable requirements, require the Managing Director to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Managing Director confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables him to ensure that the financial statements comply with the requirements of applicable statute. The Managing Director also confirms that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

These financial statements were approved by the Board and signed on behalf by the authorized representative of the Entity.

Mr. Narayana Raju Alluri
Managing Director
May 20, 2019

Crowe

Crowe Mak

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Ref: JM/AR/19/12176

Independent auditor's report

To,

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Nagarjuna Contracting Co. (L.L.C.) (under liquidation),** Dubai - United Arab Emirates (the "Entity") which comprise the statement of financial position as at March 31, 2019 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Entity in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

We draw attention to the following matters:

i) Note 2 to the financial statements which explains that the shareholders have decided to cease the operation of the Entity. As the going concern assumption is not valid for the Entity, the financial statements have been prepared on the basis of the accounting convention of realisable/settlement values of assets and liabilities.

ii) Note 26(c) to the financial statements which explains that the Entity has filed an application for the nullification of an adverse award of AED 29,732,498 in respect of legal disputes between the Entity and a customer, and the matter is pending before the courts.

iii) Note 26(e) to the financial statements, which states that the shareholder, M/s NCC Limited, India has agreed to settle the Entity's overdraft balance of AED 24,331,840 as at the year end as the shareholder was the corporate guarantor and hence the liability has not been booked in the Entity's financial statements.

Our opinion is not qualified in respect of these matters.

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Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), in compliance with the requirements of applicable laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

4 The contents of the Managing Director's report which relates to the financial statements are in agreement with the Entity's books of account.

5 The Entity has not made any investments in shares and stocks during the year ended March 31, 2019.

6 Note 6 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.

7 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the U.A.E. Federal Commercial Companies Law No. 2 of 2015 or the Memorandum and Articles of Association of the Entity, which would materially affect its activities or its financial position as at March 31, 2019.

For Crowe Mak

James Mathew
Senior Partner
Regn. No. 548

May 20, 2019
Dubai - United Arab Emirates

كرو ماك
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DUBAI -U.A.E.
CROWE MAK

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

Statement of financial position as at March 31, 2019
(In Arab Emirates Dirham)

	Notes	**2019**	2018
Assets			
Non-current assets			
Property, plant and equipment	5	-	206,505
Loan to a related party	6	-	75,855,895
Retention receivables	7	-	14,760,796
Total non-current assets		-	90,823,196
Current assets			
Due from related parties	6	-	67,401,179
Due from customers for contract work-in-progress	8	-	29,577,136
Contract receivables	9	-	331,729
Advances, deposits and other receivables	10	**131,273**	1,118,754
Fixed deposit	11	-	258,688
Cash and bank balances	12	**364,274**	693,033
Total current assets		**495,547**	99,380,519
Total assets		**495,547**	190,203,715
Equity and liabilities			
Equity			
Share capital	13	**300,000**	300,000
Statutory reserve	14	**150,000**	150,000
Accumulated (losses)	15	**(1,509,079)**	(33,786,071)
Total equity		**(1,059,079)**	(33,336,071)
Non-current liabilities			
Loans from related parties	6	-	141,516,595
Employees' end of service benefits	17	-	149,320
Total non-current liabilities		-	141,665,915
Current liabilities			
Due to a related party	6	-	22,089,713
Retention payables	16	-	1,258,857
Contract and other payables	18	**1,554,626**	58,525,301
Total current liabilities		**1,554,626**	81,873,871
Total liabilities		**1,554,626**	223,539,786
Total equity and liabilities		**495,547**	190,203,715

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

The report of the auditor is set out on pages 3 to 5.

The financial statements on pages 6 to 24 were approved on May 19, 2019 and signed on behalf of the Entity, by:

Mr. Narayana Raju Alluri
Managing Director

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

Statement of profit or loss and other comprehensive income for the year ended March 31, 2019
(In Arab Emirates Dirham)

	Notes	2019	2018
Contract losses	19	**(3,859,735)**	(2,520,028)
Other income	20	**84,896,862**	145,276
Administrative expenses	21	**(48,271,501)**	(7,358,626)
Finance costs	22	**(488,634)**	(737,220)
Net profit/(loss) for the year		**32,276,992**	(10,470,598)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**32,276,992**	(10,470,598)

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

The report of the auditor is set out on pages 3 to 5.

The financial statements on pages 6 to 24 were approved on May 19, 2019 and signed on behalf of the Entity, by:

Mr. Narayana Raju Alluri
Managing Director

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

Statement of changes in equity for the year ended March 31, 2019
(In Arab Emirates Dirham)

	Share capital	Statutory reserve	Accumulated (losses)	Total equity
Balance as at March 31, 2017	300,000	150,000	(23,315,473)	(22,865,473)
(Loss) for the year	-	-	(10,470,598)	(10,470,598)
Balance as at March 31, 2018	300,000	150,000	(33,786,071)	(33,336,071)
Profit for the year	-	-	32,276,992	32,276,992
Balance as at March 31, 2019	**300,000**	**150,000**	**(1,509,079)**	**(1,059,079)**

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

The report of the auditor is set out on pages 3 to 5.

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

Statement of cash flows for the year ended March 31, 2019
(In Arab Emirates Dirham)

	2019	2018
Cash flows from operating activities		
Profit/(loss) for the year	**32,276,992**	(10,470,598)
Adjustments for:		
Depreciation on property, plant and equipment	**-**	96,609
Loss on disposal/transfer of property, plant and equipment	**181,505**	338
Loss on impairment of property, plant and equipment	-	378,123
Related party loans written back	**(49,284,122)**	-
Related party balances written off	**26,016,079**	-
Non certification of amounts due from customers	**3,713,571**	-
Bad debts	**109,850**	156,362
Finance costs	**488,634**	737,220
Interest income	**(986)**	(6,061)
Provision for employees' end of service benefits	**9,521**	206,748
Operating profit/(loss) before working capital changes	**13,511,044**	(8,901,259)
(Increase)/decrease in assets		
Inventories	**-**	472,101
Due from customers for contract work-in-progress	**25,863,565**	-
Retention receivables	**14,760,796**	2,456,521
Contract receivables	**331,729**	-
Advances, deposits and other receivables	**877,631**	3,244,226
Due from related parties	**2,920,509**	(1,105,880)
Increase/(decrease) in current liabilities		
Due to a related party	**-**	1,609,744
Retention payables	**(1,258,857)**	(398,715)
Contract and other payables	**(56,970,675)**	1,784
Cash generated from/(used in) operations	**35,742**	(2,621,478)
Employees' end of services benefits paid	**(158,841)**	(173,016)
Net cash (used in) operating activities	**(123,099)**	(2,794,494)
Cash flows from investing activities		
Decrease/(increase) of investment in fixed deposit	**258,688**	(4,864)
Interest income	**986**	6,061
Proceeds from sale of property, plant and equipment	**25,000**	104,241
Net cash from investing activities	**284,674**	105,438
Cash flows from financing activities		
Finance costs paid	**(488,634)**	(737,220)
Loan to a related party	**(1,700)**	(93,850)
Net cash (used in) financing activities	**(490,334)**	(831,070)
Net (decrease) in cash and cash equivalents	**(328,759)**	(3,520,126)
Cash and cash equivalents, beginning of the year	**693,033**	4,213,159
Cash and cash equivalents, end of the year	**364,274**	693,033
Cash and cash equivalents		
Cash in hand	**41,990**	5,399
Cash at banks	**322,284**	687,634
	364,274	693,033

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

The report of the auditor is set out on pages 3 to 5.

1 Legal status and business activities

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

1.2 The Entity is licensed to engage in electromechanical equipment installation & maintenance, undertaking building, road, sewage & drainage, water pipelines & stations contracting works.

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

1.4 The management and control of the Entity is vested with the Managing Director, Mr. Narayana Raju Alluri (Indian national).

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

2 Going concern

During the year, the management has decided to cease the operation of the Entity. As the going concern assumption is not valid for the Entity, the financial statements have been prepared on the basis of the accounting convention of realisable/settlement values of assets and liabilities.

3 New standards and amendments

3.1 New standards and amendments - applicable January 01, 2018

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 01, 2018.

IFRS 9 Financial Instruments and associated amendments to various other standards.

IFRS 15 Revenue from contracts with customer and associated amendments to various other standards

Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

Annual improvements 2014-2016 cycle

Transfers of Investment Property – Amendments to IAS 40

Interpretation 22 Foreign Currency Transactions and Advance Consideration

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

The following standards and interpretations had been issued were not mandatory for annual reporting periods ending December 31, 2018.

Description	Effective for annual periods beginning on or after
IFRS 16 - Leases	January 1, 2019. Earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.
Amendments to IFRS 9 – Prepayment Features with Negative Compensation	January 1, 2019
Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures	January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019
Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

3 New standards and amendments (continued)

3.2 New standards and amendments issued but not effective for the current annual period (continued)

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

3.3 Impact of standards adopted in 2018

3.3.1 IFRS 15 Revenue from contract with customers

The effect of adoption of IFRS 15 on the balance sheet and retained earnings is not material and disclosed where applicable in the notes to these financial statements.

3.3.2 IFRS 9 Financial instruments

The Entity adopted IFRS 9 Financial Instruments from April 01, 2018. The effect of adoption of IFRS 9 on the balance sheet and retained earnings is not material and has been disclosed where applicable in the notes to these financial statements.

3.4 Impact of standards issued but not yet applicable

3.4.1 IFRS 16 Leases

IFRS 16 was issued in January 2016 and will supersede IAS 17 Leases. It will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance lease is removed for leases. Under the new standard, both an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases.

The standard is mandatory for financial years commencing on or after January 01, 2019. The Entity has decided not to adopt the standard before its effective date.

The standard will affect primarily the accounting for the Entity's operating lease. At the reporting date, the Entity has no non cancellable operating lease commitments. The Entity, plans to use the recognition exemption for low value leases such as personal computers and to recognize on a straight line basis as an expense in the income statement.

4 Significant accounting policies

4.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the applicable laws. These financial statements are presented in Arab Emirates Dirham (AED) which is the Entity's functional and presentation currency.

4.2 Basis of preparation

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

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

4.3 Foreign currency

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

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

4 Significant accounting policies (continued)

4.4 Financial instruments

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

4.5 Financial assets

Classifications

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

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

- those to be measured at amortised cost.

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

Measurement

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

Financial assets comprise of cash and cash equivalents, receivables and other financial assets.

Cash and cash equivalents

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

Receivables

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

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

Impairment of financial assets

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

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

4 Significant accounting policies (continued)

4.5 Financial assets (continued)

Derecognition of financial assets

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

4.6 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, contract and other payables and due to/loans from related parties.

Contract and other payables

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

Due to/loans from related parties

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

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.

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.

4.7 Offsetting financial instruments

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

4.8 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.

4 Significant accounting policies (continued)

4.8 Provisions (continued)

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

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

4.9 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Critical judgements in applying accounting policies

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

Business model assessment - classification and measurement of financial statements

Classification and measurement of financial assets depends on the results of business model test. The Entity determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Key sources of estimation uncertainty

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

Impairment of financial assets

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

5 Property, plant and equipment

	Machinery and equipment	Tools and equipment	Construction accessories	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost						
As at March 31, 2017	21,314	6,960	65,943	153,795	896,878	1,144,890
Transferred from a related party	-	-	303,764	-	-	303,764
Impairment during the year	(21,314)	(6,960)	(65,943)	(153,795)	(750,528)	(998,540)
Transferred to a related party	-	-	(97,259)	-	(146,350)	(243,609)
As at March 31, 2018	-	-	206,505	-	-	206,505
Disposal during the year	-	-	(206,505)	-	-	(206,505)
As at March 31, 2019	-	-	-	-	-	-
Accumulated depreciation						
As at March 31, 2017	7,956	1,612	58,616	114,492	480,162	662,838
Charge for the year	2,086	546	1,453	11,126	81,398	96,609
Elimination on impairment during the year	(10,042)	(2,158)	(60,069)	(125,618)	(422,530)	(620,417)
Eliminated on transfer during the year	-	-	-	-	(139,030)	(139,030)
As at March 31, 2018	-	-	-	-	-	-
As at March 31, 2019	-	-	-	-	-	-
Carrying value as at March 31, 2019	-	-	-	-	-	-
Carrying value as at March 31, 2018	-	-	206,505	-	-	206,505

6 Related party transactions

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

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

	2019	2018
a) Loan to a related party		
Entity under common ownership and control		
M/s. NCC Urban Infrastructure Company Limited, Dubai - U.A.E.		
Balance at the beginning of the year	**75,855,895**	75,762,045
Less: Assigned to related parties {6 (d)}	**(75,857,595)**	-
Movement during the year	**1,700**	93,850
Balance at the end of the year	**-**	75,855,895

The above loan was unsecured and without any fixed repayment schedule. It carried an interest @ 12% p.a. However, vide board resolution dated May 18, 2016, the Entity has discontinued accrual of interest from April 01, 2016 {note 6 (c)}.

	2019	2018
b) Due from related parties		
Entities under common ownership and control		
M/s. Nagarjuna Construction Company Limited, Muscat - Oman	**-**	1,048,499
M/s. Al Mubarakia Contracting Co. (L.L.C.), Dubai - U.A.E.	**25,358,957**	25,265,119
M/s. NCC International, Kuwait	**435,466**	435,466
M/s. NCC International, Kingdom of Saudi Arabia	**191,324**	191,324
M/s. NCC Limited (Branch), Turkmenistan	**30,332**	30,332
Less: Written off	**(26,016,079)**	-
M/s. Nagarjuna Construction Company International (L.L.C.), Muscat - Oman {refer note 6 (d)}	**38,464,591**	40,430,439
Less: Assigned to related parties {6 (d)}	**(38,464,591)**	-
	-	67,401,179

	2019	2018
c) Loans from related parties		
Entities under common ownership and control		
M/s. NCC Limited, Hyderabad - India *	**47,174,600**	47,174,600
M/s. NCC Infrastructure Holdings Mauritius Pte Limited, Port Louis - Mauritius **	**94,341,995**	94,341,995
Less: Assigned from related parties {6 (d)}	**(92,232,473)**	-
Less: Written back	**(49,284,122)**	-
	-	141,516,595

* The loan was unsecured and without any fixed repayment schedule. It carried an interest @ 12% p.a. However, no interest was charged from April 01, 2016 onwards vide Board resolution dated May 18, 2016 {note 6 (a)}.

** The loan carried an interest rate LIBOR plus 400 basis points or 12% per annum, whichever is higher, and was payable quarterly. No interest has been charged from April 01, 2016 on this loan vide Board resolution dated May 18, 2016.

6 Related party transactions (continued)

d) Due to a related party	**2019**	2018
Entity under common ownership and control		
M/s. NCC Limited, Hyderabad - India {note 6 (c)}	**22,089,713**	22,089,713
Less: Assigned from related parties	**(22,089,713)**	-
	-	22,089,713

On July 15, 2018, the Entity entered into agreement with M/s. NCC Urban Infrastructure Company Limited, Dubai - U.A.E., M/s. Nagarjuna Construction Company International (L.L.C.), Muscat - Oman, M/s. NCC Limited, Hyderabad - India and M/s. NCC Infrastructure Holdings Mauritius Pte Limited, Port Louis - Mauritius to settle the outstanding loans. As per the agreement, total receivable balance of AED 114,322,186 from related parties (AED 75,857,595 loan to M/s. NCC Urban Infrastructure Company Limited, Dubai - U.A.E. and AED 38,464,591 due from M/s. Nagarjuna Construction Company International (L.L.C.), Muscat - Oman) was assigned to payables to related parties (AED 92,232,473 to loans from M/s. NCC Infrastructure Holdings Mauritius Pte Limited, Port Louis - Mauritius and AED 22,089,713 to due to M/s. NCC Limited, Hyderabad - India).

e) Transactions with related parties

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

	For the year ended March 31,	
	2019	2018
Managerial remuneration	**-**	1,432,497
Due from related parties written off (note 21)	**26,016,079**	-
Loans from related parties written back (note 20)	**49,284,122**	-
Bank overdraft charged to a related party (note 20)	**28,254,093**	-
Transfer of property, plant and equipment to related parties (note 5)	**-**	104,579
Transfer of property, plant and equipment from a related party (note 5)	**-**	303,764

	2019	2018
7 Retention receivables		
Retention receivables	**-**	14,760,796

Retention receivables were under dispute and the Entity had filed for arbitration in Abu Dhabi Commercial Conciliation and Arbitration Centre under case number 53/2016 to settle the dispute. During the year, the Entity was given adverse award against the claims by the Tribunal on September 09, 2018. Therefore, the entire retention receivables has been written off against this settlement.

Comprising:		
Non-current portion	**-**	14,760,796
	-	14,760,796

8 Due from customers for contract work-in-progress		
Due from customers for contract work	**-**	29,577,136

Due from customers for contract work was under dispute and the Entity had filed for arbitration in Abu Dhabi Commercial Conciliation and Arbitration Centre under case number 53/2016 to settle the dispute. Pursuant to the Tribunal decision dated September 09, 2018, due from customer amounting to AED 25,863,565 was certified and the balance amount of AED 3,713,571 is written off.

		2019	2018
8	**Due from customers for contract work-in-progress (continued)**		
	Amount due from customers for contract work		
	Contract cost incurred plus recognised profit less recognised losses to date on contracts in progress	-	177,185,073
	Less: Progressive billing	-	(147,607,937)
		-	29,577,136
9	**Contract receivables**		
	Contract receivables (Within U.A.E.)	-	331,729

Of the contract receivables as at March 31, 2019, there is Nil (2018: 1 customer) representing Nil (2018: 100%) of the contract receivables.

The above contract receivables are assigned against bank borrowings.

Contract receivables were under dispute and the Entity had filed for arbitration in Abu Dhabi Commercial Conciliation and Arbitration Centre under case number 53/2016 to settle the dispute. During the year, the Entity was given adverse award against the claims by the Tribunal on September 09, 2018. Therefore, the contract receivables has been written off against this settlement.

		2019	2018
10	**Advances, deposits and other receivables**		
	Prepayments	-	193,621
	Deposits	**88,086**	34,575
	Staff advances	-	128,202
	Advances paid to suppliers/others	-	320,551
	Advances paid to sub-contractors	-	441,805
	Other receivables	**10,028**	-
	VAT receivable - net	**33,159**	-
		131,273	1,118,754
11	**Fixed deposit**		
	Fixed deposit with bank	-	258,688
12	**Cash and bank balances**		
	Cash in hand	**41,990**	5,399
	Cash at banks	**322,284**	687,634
		364,274	693,033

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

13 Share capital

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

13 Share capital (continued)

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

Name of shareholders	Nationality	Percentage	No. of shares	2019	2018
Mrs. Salma Saeed Salem Musallam Alkitbi	U.A.E.	51	153	**153,000**	153,000
M/s. NCC Limited, India (represented by Mr. Narayana Raju Alluri)	Indian	49	147	**147,000**	147,000
		100	300	**300,000**	300,000

14 Statutory reserve

	2019	2018
Balance at the end of the year	**150,000**	150,000

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

	2019	2018
15 Accumulated (losses)		
Balance at the beginning of the year	**(33,786,071)**	(23,315,473)
Profit/(loss) for the year	**32,276,992**	(10,470,598)
Balance at the end of the year	**(1,509,079)**	(33,786,071)
16 Retention payables		
Balance at the beginning of the year	**1,258,857**	1,657,572
Net movements during the year	**(1,258,857)**	(398,715)
Balance at the end of the year	**-**	1,258,857
Comprising:		
Current portion	**-**	1,258,857
	-	1,258,857
17 Employees' end of service benefits		
Balance at the beginning of the year	**149,320**	115,588
Add: Charge for the year	**9,521**	206,748
Less: Paid during the year	**(158,841)**	(173,016)
Balance at the end of the year	**-**	149,320

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of the reporting period.

	2019	2018
18 Contract and other payables		
Contract payables	**1,050**	5,369,147
Provisions and accruals	**1,553,576**	3,524,869
Mobilisation advance	**-**	28,727,835
Advance from customer	**-**	20,821,972
Other payable	**-**	81,478
	1,554,626	58,525,301

		For the year ended March 31,	
		2019	2018
19	**Contract losses**		
	Materials consumed	-	472,101
	Non certification of amounts due from customers	**3,713,571**	-
	Salaries and wages	**40,933**	160,486
	Sub-contract works bills	-	1,789,568
	Other contract expenses	**105,231**	97,873
		3,859,735	2,520,028
20	**Other income**		
	Related party loans written back (note 6)	**49,284,122**	-
	Bank overdraft charged to a related party (note 6)	**28,254,093**	-
	Contract payables written back	**7,340,161**	-
	Interest income	**986**	6,061
	Miscellaneous	**17,500**	139,215
		84,896,862	145,276
21	**Administrative expenses**		
	Salaries and related benefits	**622,587**	4,068,401
	Rent	**138,876**	255,471
	Legal, visa, professional and related expenses	**1,314,078**	1,768,444
	Insurance	**6,158**	51,851
	Printing and stationery	**9,862**	28,734
	Telephone and communications	**23,215**	43,128
	Travelling and conveyance	**127,658**	444,693
	Loss on disposal of property, plant and equipment	**181,505**	338
	Loss on impairment of property, plant and equipment	-	378,123
	Depreciation on property, plant and equipment (note 5)	-	96,609
	Net liabilities booked against arbitration award settlement	**19,700,081**	-
	Related party balances written off (note 6)	**26,016,079**	-
	Bad debts	**109,850**	156,362
	Others	**21,552**	66,472
		48,271,501	7,358,626
22	**Finance costs**		
	Commission on bank guarantees	**476,026**	660,017
	Interest on borrowings	**2,632**	67,710
	Bank charges	**9,976**	9,493
		488,634	737,220

23 Financial instruments

a) *Significant accounting policies*

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

23 Financial instruments (continued)

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

	As at March 31,		As at March 31,	
	2019	2018	**2019**	2018
Financial assets	**Carrying amount**		**Fair value**	
Loan to a related party	-	75,855,895	-	75,855,895
Retention receivables	-	14,760,796	-	14,760,796
Contract receivables	-	331,729	-	331,729
Deposits and other receivables	**131,273**	162,777	**131,273**	162,777
Due from related parties	-	67,401,179	-	67,401,179
Fixed deposit	-	258,688	-	258,688
Cash and bank balances	**364,274**	693,033	**364,274**	693,033
	495,547	159,464,097	**495,547**	159,464,097
Financial liabilities				
Loans from related parties	-	141,516,595	-	141,516,595
Retention payables	-	1,258,857	-	1,258,857
Due to a related party	-	22,089,713	-	22,089,713
Contract and other payables	**1,554,626**	8,975,494	**1,554,626**	8,975,494
	1,554,626	173,840,659	**1,554,626**	173,840,659

Financial instruments comprises of financial assets and financial liabilities.

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

Financial assets consist of loan to a related party, retention receivables, contract receivables, deposits and other receivables, due from related parties, fixed deposit and cash and bank balances. Financial liabilities consist of loans from related parties, retention payables, due to a related party and contract and other payables.

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

24 Financial risk management objectives

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

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

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

24 Financial risk management objectives (continued)

a) *Foreign currency risk management*

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

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

b) *Interest rate risk management*

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

c) *Liquidity risk management*

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

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

Liquidity and interest risk table:

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

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

24 Financial risk management objectives (continued)

c) *Liquidity risk management (continued)*

Liquidity and interest risk table (continued)

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at March 31, 2018			
Financial assets							
Loan to a related party	-	-	-	-	-	75,855,895	75,855,895
Retention receivables	-	-	-	-	-	14,760,796	14,760,796
Contract receivables	-	-	-	-	331,729	-	331,729
Deposits and other receivables	-	-	-	-	162,777	-	162,777
Due from related parties	-	-	-	-	67,401,179	-	67,401,179
Fixed deposit	-	258,688	-	-	-	-	258,688
Cash and bank balances	-	-	-	693,033	-	-	693,033
	-	258,688	-	693,033	67,895,685	90,616,691	159,464,097
Financial liabilities							
Loans from related parties	-	-		-	-	141,516,595	141,516,595
Retention payables	-	-	-	-	1,258,857	-	1,258,857
Due to a related party	-	-	-	-	22,089,713	-	22,089,713
Contract and other payables	-	-	-	-	8,975,494	-	8,975,494
	-	-	-	-	32,324,064	141,516,595	173,840,659

d) *Credit risk management*

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

Contract receivables consist of one customer. Ongoing credit evaluation is performed on the financial condition of contract receivables. Further details of credit risks on contract and other receivables are discussed in notes 7, 9 & 10 to the financial statements.

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

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

25 Capital risk management

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

26 Contingent liabilities

	As at March 31,	
	2019	2018
a. Performance guarantee	-	18,700,000
b. Advance payment guarantee	-	9,554,093

c. As mentioned in notes 7, 8 and 9 to the financial statements, the Entity had an ongoing arbitration for legal disputes with a customer of which adverse award was given against the Entity on September 09, 2018. Out of total compensation awarded of AED 55,020,293, the management has not recorded liability of AED 29,732,498 as per the initial decision of arbitrator in the financial statements. The Entity has filed an application for nullification of this amount, which is still pending in the court. Considering that the likelihood of an unfavourable outcome is remote since the case is in progress, the liability is not booked in the financial statements.

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

e. The Entity has not recorded bank liability of AED 24,331,840 as at the reporting date. The bank has debited an amount of AED 29,399,293 (including interest) to the Entity's account being the payment made by the bank against the issued guarantee. M/s. NCC Limited, India (shareholder) has agreed to pay this amount to the bank directly as the corporate guarantor and hence the liability has not been booked in the Entity's financial statements.

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

27 Commitments

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

28 Reclassification

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