SHREE GLOBAL FZE AND SUBSIDIARIES

Office No. LB 13117, Jebel Ali,
P O Box 184278, Dubai, UAE

CONSOLIDATED FINANCIAL STATEMENTS

Period ended 31 March 2019

SHREE GLOBAL FZE AND SUBSIDIARIES

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DIRECTORS' REPORT

The Directors have pleasure in submitting consolidated Report of the Group for the first financial period ended 31 March 2019.

STATUS

SHREE GLOBAL FZE ("the Company") is a Free Zone Establishment established vide certificate of Formation No. 199340 dated 7 May 2018.

ACTIVITIES

The principal activities of the Group comprise of manufacturing of cement, wholesale and retail sale of cement, gypsum and general trading and investment and management activities.

SHAREHOLDERS AND DIRECTORS

The sole shareholder of the Company is Shree Cement Limited. Shree Cement Limited is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed at BSE Limited and National Stock Exchange of India Limited. Mr. Vijay Somani is the Manager of the Company.

Directors of the Company are:

Mr. Benu Gopal Bangur
Mr. Vijay Somani

RESULTS

The consolidated financial position and results of the Group for the period ended 31 March 2019 are set out in the accompanying consolidated financial statements.

AUDITORS

The consolidated financial statements for the group have been audited by Mahendra Asher & Co., except for the subsidiaries mentioned in Note 4(b) (3) and 4(b) (4) which are audited by the other auditor and the amounts are based solely on the consolidated report of the other auditor dated 14 May 2019.

For **SHREE GLOBAL FZE AND SUBSIDIARIES**

DIRECTORS

Place : Dubai

Date : 15 May 2019

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDER OF SHREE GLOBAL FZE

Opinion

We have audited the accompanying consolidated financial statements of **SHREE GLOBAL FZE and its subsidiaries (collectively referred to as "the Group"),** which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2019, and its financial performance and its cash flows for the period 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 Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and we have fulfilled our 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.

Previous Period Figures

As stated in Note 38, this being the first accounting period, there are no comparative figures for the previous period.

Other Matter – Reliance on the Audit of Subsidiaries

We did not carry out the audit of the financial statements of subsidiaries mentioned in Note 4(b) (3) and 4(b) (4). The financial statements have been audited by other auditors whose consolidated report dated 14 May 2019 is furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the consolidated report dated 14 May 2019.

MAHENDRA ASHER & CO.
CHARTERED ACCOUNTANTS

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ماهندرا اشر وشركاه
محاسبون قانونيون

ص.ب: ٤٤٢١، دبي - ا.ع.م.
تليفون: ٢٢٢٧٥٨٠-٩٧١٤
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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 consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit except for subsidiaries as stated in Note 4(b) (3) and 4(b) (4) in respect of which we have relied on the financial statements audited by other auditor whose report has been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, are based solely on the consolidated report of the other auditor dated 14 May 2019.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We also confirm that in our opinion proper books of account have been kept by the Group and that these consolidated financial statements are in agreement with the books of account. We have obtained all the information and explanations we required for the purpose of our audit.

For **MAHENDRA ASHER & CO.**
R N Shetty (Registration No. 77)
Dubai
Dated : 15 May 2019

MAHENDRA ASHER & CO.
P.O.Box 4421
Dubai - U.A.E.
CHARTERED ACCOUNTANTS

Shree Global FZE and Subsidiaries
Consolidated Statement of Financial Position as at 31 March 2019

(AED' 000)

	Note	As at 31.03.2019
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	5	873,359
Capital Work-in-Progress		271
Intangible Assets	6	3,124
Financial Assets		
Other Financial Assets	9	2,723
Other Non-Current Assets	10	4,620
		884,097
Current Assets		
Inventories	11	149,334
Financial Assets		
Trade Receivables	7	154,606
Cash and Cash Equivalents	12	56,774
Other Bank Balances other than Cash and Cash Equivalents	13	12,000
Deposits	8	79
Other Financial Assets	9	2,664
Other Current Assets	10	8,737
		384,194
Total Assets		**1,268,291**
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	14	1,115,051
Other Equity		34,827
Non Controlling Interest		33,177
		1,183,055
LIABILITIES		
Non-Current Liabilities		
Provisions	16	12,624
		12,624
Current Liabilities		
Financial Liabilities		
Short Term Borrowings	18	2,515
Trade Payables	19	46,330
Other Financial Liabilities	15	19,403
Provisions	16	2,623
Other Current Liabilities	17	1,741
		72,612
Total Equity and Liabilities		**1,268,291**
Significant Accounting Policies	4	

The accompanying notes are an integral part of the Consolidated Financial Statements.

For and on behalf of the Board of Directors

B G Bangur
Director

Vijay Somani
Director

Place : Dubai
Date : 15 May 2019

Shree Global FZE and Subsidiaries

Consolidated Statement of Profit and Loss and Comprehensive Income for the period ended 31 March 2019

(AED' 000)

	Note	07.05.2018 to 31.03.2019
Revenue from Operations	20	429,578
Other Income	21	6,944
		436,522
EXPENSES		
Cost of Materials Consumed	22	70,029
Purchases of Stock in Trade		13,056
Changes in Inventories of Finished Goods and Work-in-Progress	23	(5,423)
Employee Benefits Expense	24	46,187
Power and Fuel		180,349
Freight and Forwarding Expenses	25	20,914
Finance Costs	26	447
Depreciation and Amortisation Expense	5 & 6	39,424
Other Expenses	27	32,477
		397,460
NET PROFIT FOR THE PERIOD		**39,062**
Profit Attributable to:		
Owners of the Parent		34,576
Non Controlling Interest		4,486
OTHER COMPREHENSIVE INCOME		
(Items that will not be Reclassified to Profit or Loss)		
Gain on Re measurement of Defined Benefit Plan		257
		257
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (Comprising Profit and Other Comprehensive Income for the Period)		**39,319**
Other Comprehensive Income Attributable to:		
Owners of the Parent		251
Non Controlling Interest		6
		257
Total Comprehensive Income Attributable to:		
Owners of the Parent		34,827
Non Controlling Interest		4,492
		39,319
Significant Accounting Policies	4	

The accompanying notes are an integral part of the Consolidated Financial Statements.

For and on behalf of the Board of Directors

B G Bangur
Director

Vijay Somani
Director

Place : Dubai
Date : 15 May 2019

Shree Global FZE and Subsidiaries
Consolidated Statement of Changes in Equity for the period ended 31 March 2019

A. EQUITY SHARE CAPITAL (Refer Note 14)

Particulars	Numbers	(AED' 000)
Equity shares of AED 1 each, issued, subscribed and fully paid-up		
As at 31.03.2019	1,115,051,000	1,115,051

B. OTHER EQUITY
For the Year ended 31st March, 2019

(AED' 000)

Particulars	Attributable to Owners of the Company			Attributable to Non Controlling Interest	Total Other Equity
	Statutory Reserves	Retained Earnings	Total Other Equity Attributable to Owners of the Company		
Opening Balance		-	-	-	-
Profit for the period		34,576	34,576	4,486	39,062
Other Comprehensive Income for the period					-
Re-measurements of the Defined Benefit Plans		251	251	6	257
On acquisition of controlling stake in Union Cement Company (PJSC) (Refer Note 31)			-	33,952	33,952
Transfer to /(from) Retained Earnings	2,758	(2,758)	-	-	-
Dividends on Equity Shares (refer Note 1 below)		-	-	(5,267)	(5,267)
Closing Balance as at 31.03.2019	**2,758**	**32,069**	**34,827**	**33,177**	**68,004**

Note 1 : Dividend distributed to the non-controlling interest pertains to the dividend declared by the Subsidiary.

Nature of Reserves

Statutory Reserve
According to the Union Cement Company (PJSC) (Subsidairy Company) articles of association and the requirements of the U.A.E. Federal Law No. (2) of 2015, 10% of the profit for each year is transferred to the statutory reserve. The transfer to statutory reserve may be suspended when it reaches 50% of the paid-up share capital. Statutory reserve is not available for distribution except as stipulated by the Law.

Retained Earnings
Retained Earnings represents the undistributed profits of the Company.

The accompanying notes are an integral part of the Consolidated Financial Statements.

For and on behalf of the Board of Directors

B G Bangur
Director

Vijay Somani
Director

Place : Dubai
Date : 15 May 2019

Shree Global FZE and Subsidiaries

Consolidated Statement of Cash Flow for the period ended 31 March 2019

(AED' 000)

	Particulars	07.05.2018 to 31.03.2019 31.03.2019	
A	**Cash Flow From Operating Activities**		
	Profit for the period		39,062
	Adjustments For		
	Depreciation and Amortisation Expense	39,424	
	Reversal of Liabilities	(1,312)	
	Gain on Bargain Purchase on acquisition of Union Cement Company PJSC	(4,850)	
	Reversal of Excess Provision	(8)	
	Interest Income	(774)	
	Finance Costs	447	32,927
	Operating Profit Before Working Capital Changes		71,989
	Adjustments For :		
	(Increase) / Decrease in Trade and Other Receivables	23,772	
	(Increase) / Decrease in Inventories	(21,675)	
	Increase / (Decrease) in Trade & Other Payables and Provisions	(61,358)	(59,261)
	Net Cash From Operating Activities		12,728
B	**Cash Flow From Investing Activities**		
	Purchase of Property, Plant and Equipments (Including Capital Work-in-Progress and Advances)	(15,879)	
	Payments for Intangible Assets	(11)	
	Amount paid for acquisition of Union Cement Company (PJSC) *	(1,040,561)	
	Investments in Bank Deposits	(12,000)	
	Interest Received	645	
	Net Cash Used in Investing Activities		(1,067,806)
C	**Cash Flow From Financing Activities**		
	Issue of Shares	1,115,051	
	Interest and Financial Charges Paid	(447)	
	Dividend Paid	(5,267)	
	Net Cash From / (Used in) Financing Activities		1,109,337
	Net Increase /(Decrease) in Cash and Cash Equivalents		54,259
	Cash and Cash Equivalents as at the beginning of the Year		-
	Cash and Cash Equivalents as at the end of the Year		54,259

Notes:

1 For the purpose of Consolidated Statement of Cash Flow, Cash and Cash Equivalents comprises the following:

	(AED' 000) As at 31.03.2019
Cash on Hand	36
Balances with Banks	3,836
Call Deposits with Banks	827
Fixed Deposits with banks up to 3 months Original Maturity	52,075
	56,774
Less: Bank Overdraft	2,515
	54,259

* Net of cash and cash equivalents acquired (refer Note 31)

The accompanying notes are an integral part of the Consolidated Financial Statements

For and on behalf of the Board of Directors

B G Bangur
Director

Vijay Somani
Director

Place : Dubai
Date : 15 May 2019

1. Corporate Information

SHREE GLOBAL FZE ("the Company") is a Free Zone Establishment established vide certificate of Formation No. 199340 dated 7th May, 2018. Registered office address of the Company is Office LB13117, Jebel Ali, Dubai, UAE. The Company is governed by Jebel Ali Free Zone Companies Implementing Regulations, 2016.

The consolidated financial statements comprise financial statements of Shree Global FZE ("the Company") and its subsidiaries together referred to as "the Group".

Financial statements incorporate the activities carried by the Company and its subsidiaries. The principal activities of the Group comprise of manufacturing of cement, wholesale and retail sale of cement, gypsum and general trading and investment and management activities.

The sole shareholder of the Company is Shree Cement Limited. Shree Cement Limited is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed at BSE Limited and National Stock Exchange of India Limited in India. Mr. Vijay Somani is the Manager of the Company.

2. Statement of Compliance

These consolidated financial statements (hereinafter referred as "financial statements") of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of the UAE Federal Law No. (2) of 2015.

The financial statements of the Group are prepared for the first accounting period commencing from 7th May, 2018 to 31st March, 2019.

3. Application of new and revised International Financial Reporting Standards ("IFRS")

a) New and revised IFRS applied with no material effect on consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2018, have been adopted in these financial statements. The application of these revised/new IFRS has not had material impact on the amounts reported for the current period.

- **Impact of initial application of IFRS 9 *Financial Instruments***

  In the current period, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. This being the first financial period of the Group, there is no impact on the financial statements on adoption of IFRS 9.

- **Impact of application of IFRS 15 *Revenue from Contracts with Customers***

  In the current period, the Group has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016), which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5 step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

  The Group's accounting policies for its revenue streams are disclosed in detail in Note 4 (h) below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

  - Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates and Joint Ventures (2015).

  - Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions.

  - Amendments to IFRS 7 Financial Instruments: Disclosure relating to disclosures about the initial application of IFRS 9.

  - Amendments to IAS 40 Investment properties clarifying transfers of property to, or from investment property.

  - Amendments to IFRS 4 Insurance contracts applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts.

  - IFRIC 22 Foreign Currency Transactions and Advance Consideration.

b) New and revised IFRS in issue but not yet effective and not early adopted

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRS	Effective for annual periods beginning on or after*
IFRS 16 Leases IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting which is substantially unchanged from its predecessor, IAS 17. Impact assessment of IFRS 16 Leases The Group is continuing to assess the impact of the changes and currently consider that it is likely to have a material impact on its adoption. This assessment is based on currently available information and is subject to change that may arise when the group present its consolidated financial statement for next reporting date.	1 April 2019
IFRIC 23 Uncertainty over Income Tax Treatments The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	1 April 2019
Amendments to IFRS 9 Financial Instruments: Relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments	1 April 2019
Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 April 2019

New and revised IFRS	Effective for annual periods beginning on or after*
Annual Improvement to IFRS 2015-2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23	1 April 2019
The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are: • If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the re measurement are determined using the assumptions used for the re measurement. • In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.	1 April 2019
Definition of a Business (Amendments to IFRS 3) The amendments in definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They: • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.	1 April 2020
Definition of Material (Amendments to IAS 1 and IAS 8) The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.	1 April 2020
IFRS 17 Insurance Contracts requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.	1 April 2021
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets between investor and its associate or joint venture.	Effective date deferred indefinitely

*Annual period applicable to the Group.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact except IFRS 16, on the consolidated financial statements of the Group in the period of initial application. The Group is evaluating effect of these new standards, interpretations and amendments on its consolidated financial statements.

4. Significant Accounting Policies

a) Basis of Accounting

The Consolidated Financial statements have been prepared on a historical cost basis, except for the following:

- Employee's defined benefit plan measured as per actuarial valuation.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The financial statements are presented in Arab Emirates Dirham ("AED") and all values are rounded to the nearest thousands, except otherwise indicated.

The principal accounting policies are set out below:

b) Principles of Consolidation:

The Subsidiaries considered in the preparation of these Consolidated Financial Statements are:

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Beneficial and controlling interest as at 31.03.2019
1	Shree Enterprises Management Limited	UAE	100% (Beneficially Owned)
2	Shree International Holding Limited	UAE	100%
3	Union Cement Company PJSC (w.e.f. 11.07.18)	UAE	97.61%
4	Union Cement Norcem Co. Ltd. L.L.C. (w.e.f. 11.07.18)	UAE	60%

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts or circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Consolidated Financial Statements of the Group are prepared on following basis:

a) The Consolidated Financial Statements are prepared in accordance with IFRS 10- "Consolidated Financial Statements".

b) The Financial Statements of the Company and its Subsidiary Companies are combined on a line-by-line basis by adding together the like items of assets, liabilities, income and expenses. Intra group balances and transactions and any unrealized profits or losses arising from the intra group transactions are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

c) Non-Controlling Interest (NCI) are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

d) Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

e) The financial statements of each subsidiary within the Group are prepared for the same reporting period as the Group, using consistent accounting policies.

f) Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

g) When the Company has less than a majority of the voting rights on an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

h) Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

i) When the Group loses the control of the subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as difference between:

- the aggregate of the fair value of the consideration received and fair value of any retained interest and
- the previous carrying amount of the assets (excluding goodwill), less liabilities of the subsidiary and any non- controlling interests.

All amount previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity/permitted by applicable IFRS standards).The fair value of any retained interest in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9- Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or joint venture.

c) Classification of Assets and Liabilities into Current/Non-Current

The Group has ascertained its operating cycle as twelve months for the purpose of Current/Non-Current classification of its Assets and Liabilities.

For the purpose of consolidated statement of financial position, an asset is classified as current if:

1. It is expected to be realized, or is intended to be sold or consumed, in the normal operating cycle; or
2. It is held primarily for the purpose of trading; or
3. It is expected to realize the asset within twelve months after the reporting period; or
4. The asset is a cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Similarly, a liability is classified as current if:

1. It is expected to be settled in the normal operating cycle; or
2. It is held primarily for the purpose of trading; or
3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost comprises of purchase price and directly attributable cost (net of credit availed, if any) of acquisition/bringing the asset to its working condition for its intended use.

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All subsequent costs are charged to statement of profit and loss unless it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Capital work in progress is carried at cost and directly attributable expenditure during construction period which is allocated to the property, plant and equipment on the completion of project. Advances given towards acquisition or construction of property, plant and equipment outstanding at each reporting date are disclosed as Capital advances under "other non- current assets".

Depreciation is provided on Straight Line Method (SLM) over the estimated useful lives of the assets. Estimated useful lives of the assets are as follows:

Nature of Asset	Estimated Useful Lives
Plant & Machinery	3-30 Years
Buiiding	20-35 Years
Vehicles	5-6 Years
Office Equipment	3-6 Years
Furniture & Fixtures	10 Years

Depreciation on additions is provided on a pro-rata basis from the date of installation or acquisition and in case of Projects from the date of when it is ready for intended use. Depreciation on deduction/disposals is provided on a pro-rata basis upto the date of deduction/disposal.

Gains or losses arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Consolidated Statement of Profit and Loss when the asset is disposed and / or derecognized.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Cost comprises of purchase price and directly attributable cost (net of credit availed, if any) of acquisition/bringing the asset to its working condition for its intended use.

Amortization is provided on a Straight Line Method over estimated useful lives. Estimated useful lives of the assets are as follows:

Nature of Asset	Estimated Useful Lives
Software	10 Years

Expenditure on research phase is recognized as an expense when it is incurred. Expenditure on development phase which results in creation of assets is included in related assets.

The residual values, useful lives and method of amortization of Intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition / construction of a qualifying asset that necessarily takes substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost.

g) Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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 of disposal 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (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 recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h) Revenue Recognition

Revenue is recognized to depict the transfer of promised goods or services to customers. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with the customer and excludes amount collected on behalf of third party. Revenue from sale of goods is recognized when products are delivered to the customers. Delivery occurs when the product has been shipped to the customers, the risks of obsolescence and loss have been transferred to customers and either the customer has accepted the products in accordance with sales arrangement. Revenue is disclosed net of VAT, discounts, volume rebates and returns, as applicable.

During the current period, the Group has adopted IFRS 15- Revenue from Contracts with customers.

IFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contract with customers and supersedes revenue recognition guidance found across several standards and interpretation with IFRSs. It establishes a new five step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the Contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligation and sets out the criteria for each of those rights and obligation.

Step 2: Identify the performance obligation in contract: A performance obligation in a contract is a promise to transfer goods or services to the customer.

Step 3: Determine the transaction price: Transaction price is amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amount collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Groups determines whether it satisfies performance obligation by transferring control of a promised goods or services over time or at a point in time to the customer. A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case, it is satisfied over time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group perform
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The Group's performance does not create an asset with an alternative use to the group and the Group has an enforceable right to payment for performance completed to date.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Dividend and Interest Income

- Dividend income is recognized when the right to receive the payment is established.
- Interest income is recognized using the Effective Interest Rate (EIR) method.

i) Employee Benefits

1) Defined Contribution Plan

U.A.E. national employees of the Group are members of the Government-managed retirement pension and social security benefit scheme pursuant to Federal Labour Law No. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions (12.5%). The contributions are charged to profit or loss in the year in which the employee render the related services.

2) **Defined Benefit Plan**

End of Service Benefit due to non-UAE national employees in accordance with UAE Labour Law is considered as defined benefit plan and is provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the statement of financial position. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

Re- measurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on net defined benefit liability), are recognized immediately in the Statement of Financial Position with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Re- measurements are not reclassified to profit or loss in subsequent periods.

3) **Other Long Term Benefits**

Encashable leave are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of Statement of Financial Position. Actuarial gains/losses, if any, are recognized in the profit or loss in the year in which they arise.

j) **Foreign Currency Transaction**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Group's financial statements are presented in Arab Emirates Dirhams ("AED"), which is also Group's functional currency.

Foreign currency transactions are initially recorded in the functional currency, using the exchange rate at the date of transaction.

At each reporting date, foreign currency monetary items are reported using the closing exchange rates. Non-Monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.

Exchange difference arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

k) Inventories

1. Raw Materials, Stores & Spare Parts, Packing Materials and Fuel

These are valued at lower of cost and net realizable value. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

2. Work-in-progress and Finished goods

These are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l) Provisions and Contingencies

1) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits 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.

If the effect of time value of money is material, provisions are discounted using equivalent period government securities interest rate. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

2) Contingencies

Contingent liabilities are disclosed when there is a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non - occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of amount cannot be made. Contingent assets are not recognized.

m) Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

1) Assets Taken on Finance Lease

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2) Operating Lease

Leases other than finance leases are operating leases. Amounts paid under operating leases are recognized in the consolidated statement of profit and loss on a straight-line basis over the period of the lease.

n) Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a business is calculated as the sum of the fair values of assets transferred, liabilities incurred and the equity interests issued by the Group as at the acquisition date i.e. date on which it obtains control of the acquiree which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition-related costs are recognized in the profit or loss as incurred, except to the extent related to the issue of debt or equity securities.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on acquisition-date.

Intangible Assets acquired in a Business Combination and recognized separately from Goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a Business Combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Goodwill is measured as the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is termed as Gain on Bargain Purchase. In case of a Bargain Purchase, before recognizing a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all the assets acquired and liabilities assumed and recognizes any additional assets or liabilities that are so identified, any gain thereafter is recognized in profit or loss immediately. If there does not exist clear evidence of the underlying reasons for classifying the Business combination as a bargain purchase, the Group recognizes the gain, after reassessing and reviewing, directly in profit or loss.

Contingent consideration is classified either as equity or financial liability. Amount classified as financial liability are subsequently re-measured to fair value with changes in fair value recognized in profit or loss.

o) Financial Instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

1) Financial Assets

Initial Recognition and Measurement

All financial assets are recognized 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 assets.

These include trade receivables, cash and cash equivalents, other bank balances, deposits and other financial assets.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement

Financial assets are subsequently measured at amortized cost or fair value through other comprehensive income or fair value through profit or loss depending on its business model for managing those financial assets and the asset contractual cash flow characteristics.

a) **Financial Assets at Amortized Cost**
A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) **Financial Assets at Fair Value Through Other Comprehensive Income**
A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) **Financial Assets at Fair Value Through Profit or Loss**
A financial asset which is not classified in any of the above categories is classified as fair valued through profit or loss.

Reclassification of Financial Asset

If the business model under which the Group holds the financial assets changes, the financial assets affected are reclassified. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model.

Derecognition of Financial Asset

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity and does not retain control of the asset.

Impairment of Financial Assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an Expected Credit Loss model (ECLs). The Group recognizes loss allowances for expected credit losses on the following financial instruments that are not measured at FVTPL:

- Cash and bank balances;
- Other bank balances; and
- Trade receivables

With the exception of Purchased or Originated Credit Impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).
- A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group has elected to measure loss allowances for cash and cash equivalents and trade and other receivables at an amount equal to life time ECLs.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

Loss allowance for financial investments measured at amortised costs are deducted from gross carrying amount of assets. For debt securities at FVTOCI, the loss allowance is recognized in the OCI, instead of reducing the carrying amount of the asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on Group's historical experience and informed credit assessment and including forward-looking information.

For certain categories of financial asset, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to cash and cash equivalents and trade and other receivables are presented separately in the statement of profit and loss.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of the grade of the investment.

Definition of default

The Group consider an event of default for internal credit risk management purposes as historical experience indicates that financial assets are generally not recoverable if the information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group)

Write - off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement of ECL

The Group employs statistical models for ECL calculations. ECLs are a probability-weighted estimate of credit losses. For measuring ECL under IFRS 9, the key input would be the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. At each reporting date, the Group assesses whether financial assets carried at amortised costs and debt securities at FVTOCI are credit-impaired.

2) Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

ii) Financial liabilities

(a) Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value net of directly attributable transaction cost. Financial Liabilities include trade payables, other financial liabilities and short term borrowings including bank overdraft.

(b) Classification and subsequent measurement

The financial liabilities of the Group are subsequently measured either at amortised cost using effective interest method or at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group does not have any financial liability measured at fair value through profit or loss.

(c) Derecognition

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

p) Dividend Distribution

Dividend distribution to the Group's Shareholders is recognized as liability in the Group's financial statements in the period in which the dividends are approved by the Group's Shareholders.

q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

For the purpose of statement of cash flow, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

5. Significant Accounting Judgements, Estimates and Assumptions

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. These estimates are reviewed regularly and any change in estimates are adjusted prospectively.

In the process of applying the Group's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognized in the financial statements:

a) Useful lives of Property, plant and equipment & intangible assets

The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors such as the repair and maintenance program and technological obsolescence arising from changes and the residual value.

b) Significant increase in credit risk

While estimating the expected credit losses it requires to calculate losses with reference to credit risk of financial assets. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

c) Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

d) *Fair Value Measurement of Financial Instruments*

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

e) *Allowance for slow-moving inventories*

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product level for estimated excess, obsolescence. Factors influencing these adjustments include changes in demand, product life cycle, product pricing, physical deterioration and quality issues.

f) *Calculation of loss allowance*

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

g) *Defined benefit plan*

The present value of defined benefit obligation is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the long- term nature of the plan, such estimates are subject to significant uncertainty. All assumption are reviewed at each reporting date. For sensitivity analysis Refer Note 32.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

(AED' 000)

Particulars	GROSS BLOCK					DEPRECIATION / AMORTIZATION				NET BLOCK
	Opening as at 01.04.2018	Acquired on Acquisition of UCC (Refer Note 31)	Additions During the period	Deductions/ Adjustments During the Period	As at 31.03.2019	Opening as at 01.04.2018	For the Period	Deductions/ Adjustments During the Period	Up to 31.03.2019	As at 31.03.2019
Tangible Assets :										
Buildings	-	33,347	-	-	33,347	-	689	-	689	32,658
Plant and Equipment	-	865,325	10,662	-	875,987	-	37,493	-	37,493	838,494
Furniture and Fixtures	-	483	121	-	604	-	51	-	51	553
Office Equipment	-	796	458	-	1,254	-	314	-	314	940
Vehicles	-	1,039	12	-	1,051	-	337	-	337	714
Total	**-**	**900,990**	**11,253**	**-**	**912,243**	**-**	**38,884**	**-**	**38,884**	**873,359**

NOTE 6 - INTANGIBLE ASSETS

(AED' 000)

Particulars	COST					AMORTIZATION				CARRYING AMOUNT
	Opening as at 01.04.2018	Acquired on Acquisition of UCC (Refer Note 31)	Additions During the Period	Deductions/ Adjustments During the Period	As at 31.03.2019	Opening as at 01.04.2018	For the Period	Deductions/ Adjustments During the Period	Up to 31.03.2019	As at 31.03.2019
Intangible Assets :										
Computer Software	-	3,653	11	-	3,664	-	540	-	540	3,124
Total	**-**	**3,653**	**11**	**-**	**3,664**	**-**	**540**	**-**	**540**	**3,124**

NOTE 7 - TRADE RECEIVABLES

	(AED' 000) Current As at 31.03.2019
Secured, Considered Good	40,484
Unsecured	
Considered Good (Refer Note 7.1)	114,122
Considered Doubtful	3,500
	158,106
Less: Allowance for Doubtful Receivables	3,500
	154,606

7.1 Undated cheques of AED 84,410 thousands are held against receivables considered good.
7.2 Refer Note 36 for information about credit risk and market risk of trade receivables.
7.3 The average payment terms with customer for sale of cement is 120 days and for clinker against sight LC.

NOTE 8 - FINANCIAL ASSETS - DEPOSITS

	(AED' 000) Current As at 31.03.2019
(Unsecured, Considered Good)	
Security Deposits	79
	79

NOTE 9 - FINANCIAL ASSETS - OTHERS

	Non-Current As at 31.03.2019	(AED' 000) Current As at 31.03.2019
(Unsecured, Considered Good)		
Advances to Employees	-	658
Interest Accrued on Deposits	-	129
Others	2,723	1,877
	2,723	2,664

NOTE 10 - OTHER ASSETS

	Non-Current As at 31.03.2019	(AED' 000) Current As at 31.03.2019
(Unsecured, Considered Good)		
Advances to Suppliers and Contractors	-	6,469
Capital Advances	4,620	-
Prepaid Expenses	-	2,264
VAT Receivables	-	4
	4,620	8,737

NOTE 11 - INVENTORIES (Valued at Lower of Cost or Net Realizable Value)

	(AED' 000) As at 31.03.2019
Raw Materials	4,071
Fuel	25,226
Stores and Spares	78,183
Packing Materials	4,344
Work-in-Progress	25,749
Finished Goods	11,761
	149,334

NOTE 12 - CASH AND CASH EQUIVALENTS

	(AED' 000) As at 31.03.2019
Cash on Hand	36
Balances with Banks	3,836
Call Deposits with Banks	827
Fixed Deposits with Banks up to 3 months Original Maturity	52,075
	56,774

NOTE 13 - OTHER BANK BALANCES

	(AED' 000) As at 31.03.2019
Fixed Deposits with banks up to 3 months Original Maturity (Refer Note 13.1)	12,000
	12,000

13.1 Fixed Deposits of AED 12000 thousands are pledged with bank against Short Term Borrowings (Refer Note 18)

NOTE 14 - SHARE CAPITAL

	(AED' 000) As at 31.03.2019
Issued, Subscribed and Paid-up	
1,115,051,000 ordinary shares of AED 1 each	1,115,051
	1,115,051

NOTE 15 - FINANCIAL LIABILITIES - OTHERS

	(AED' 000) Current As at 31.03.2019
Unpaid Dividends	5,838
Retention Payable	5,528
Others (Refer Note 15.1)	8,037
	19,403

15.1 Others include the liability related to Employees etc.

NOTE 16 - PROVISIONS

	Non-Current As at 31.03.2019	(AED' 000) Current As at 31.03.2019
Provision for Employee Benefits		
End of Service Benefits	12,624	-
Other Staff Benefit Schemes	-	2,623
	12,624	2,623

NOTE 17 - OTHER LIABILITIES

	(AED' 000) Current As at 31.03.2019
Customers Advances	1,247
Rent Received in Advances	231
VAT Payable	263
	1,741

NOTE 18 - SHORT TERM BORROWINGS

	(AED' 000) As at 31.03.2019
Secured	
Bank Overdraft	2,515
	2,515

Bank Overdraft is secured against pledge of fixed deposits and payable on demand (Refer Note 13.1)

NOTE 19 - TRADE PAYABLES

	(AED' 000) As at 31.03.2019
Trade payables	46,330
	46,330

The average credit period on purchase of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within credit period time frame

NOTE 20 - REVENUE FROM OPERATIONS

	(AED' 000)
	07.05.2018 to 31.03.2019
Sale of Products	428,487
Other Operating Revenue	
Scrap Sales	477
Others	614
	1,091
	429,578

20.1 Sale of Products is net of AED 300 Thousands on account of rebates to customers.

NOTE 21 - OTHER INCOME

	(AED' 000)
	07.05.2018 to 31.03.2019
Interest Income on Fixed Deposits Classified at Amortised cost	774
Reversal of Liabilities	1,312
Reversal of Excess Provision	8
Gain on Bargain Purchase on acquisition of Union Cement Company PJSC	4,850
	6,944

NOTE 22 - COST OF MATERIAL CONSUMED

	(AED' 000)
	07.05.2018 to 31.03.2019
Raw Materials Consumed	
Limestone	43,107
Silica	3,127
Shale	10,491
Slag	5,100
Gypsum	2,472
Iron Ore, Laterite, Scrap Road Base and Others	5,732
	70,029

NOTE 23 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	(AED' 000)
	07.05.2018 to 31.03.2019
Closing Stock	
Work-in-Progress	25,749
Finished Goods	11,761
	37,510
Opening Stock	
Work-in-Progress	-
Finished Goods	-
	-
(Increase) / Decrease	(37,510)
Add: Stock transferred on Acqusition of Union Cement Company (PJSC)	32,087
	(5,423)

NOTE 24 - EMPLOYEE BENEFITS EXPENSE

	(AED' 000)
	07.05.2018 to 31.03.2019
Salaries, Wages and Bonus	44,113
Contribution to Pension and Social Security Fund (Refer note 32)	899
Staff Welfare Expenses	1,175
	46,187

NOTE 25 - FREIGHT AND FORWARDING EXPENSES

	(AED' 000)
	07.05.2018 to 31.03.2019
On Cement & Clinker	20,914
	20,914

NOTE 26 - FINANCE COSTS

	(AED' 000)
	07.05.2018 to 31.03.2019
Interest on Overdraft Facility	21
Bank Charges	426
	447

NOTE 27 - OTHER EXPENSES

	(AED' 000)
	07.05.2018 to 31.03.2019
Stores and Spares Consumed	8,085
Packing Materials Consumed	4,457
Water Charges	1,851
Repairs to Plant and Machinery	6,369
Repairs to Buildings	49
Repairs and Maintenance to Vehicles	1,787
Rent	227
Insurance	1,939
IT& ERP expenses	277
Telephone, Mobile and Internet expenses	358
Rates and Taxes	421
Travelling	774
Foreign Exchange Rate Differences (Net)	1
Fess & Subscriptions	118
Safety and Security Charges	664
Northern Area Development Expenses	2,168
Legal and Professional Charges	572
Social Contribution (including Donation and Charity)	280
Independent Auditors Fees (Refer Note 27.1)	151
Advertisement Expenses	17
Miscellaneous Expenses	1,912
	32,477

27.1 Payments made to Auditors:

Statutory Auditors	
Audit Fees	151
Certification / Other Services	-
Reimbursement of Expenses	-

28. **Contingent liabilities (Claims/Demands not Acknowledged as Debt)**

(AED'000)

Particulars	As at 31.03.2019
Letters of credit	41,110

29. Estimated amount of contracts remaining to be executed on capital account (net of advances) AED 90,944 thousands.

30. Capital work-in-progress includes directly attributable expenses of AED 90 thousands on assets during construction period.

31. **Acquisition of controlling equity stake in Union Cement Company (PJSC)**

A. The Company has acquired voting equity stake of 97.61% in the Union Cement Company (PJSC) (UCC), a company based in United Arab Emirates (UAE) on 11 July 2018 at an enterprise valuation of 1,152,814 thousand through its subsidiary Shree International Holding Limited. The UCC, has clinker production capacity of 3.3 MTPA and cement production capacity of 4 MTPA. The UCC is operating in UAE for more than 4 decades and has well established cement business. It has consistent track record of stable turnover and profits. The acquisition will be value accretive for the stakeholders of the Company.

B. Fair Value of the consideration transferred
The purchase consideration of AED 1,114,012 thousands has been discharged by fund transfer into bank accounts of the sellers.

C. Acquired Receivables
As on the date of acquisition, gross contractual amount of the acquired Trade receivables and other Financial Assets were AED 185,441 thousands against which provision of AED 3,500 thousands has been considered. The fair value of the acquired receivables is AED 181,941 thousands which is the net carrying value as on the date of acquisition.

D. The fair value of identifiable assets and liabilities assumed as on the acquisition date

Particulars	**AED , 000**
Property, Plant and equipment	900,990
Intangible Assets	3,653
Other Non -Current Assets	265
Cash and Cash Equivalents	73,451
Inventories	127,660
Trade Receivables	176,823
Other Financial Assets	5,118
Other Current Assets	10,513
Total Assets	**1,298,473**
Trade payables	110,706
Other Financial Liabilities	15,485
Other Current Liabilities	3,344
Provisions	16,124
Total Liabilities	**145,659**
Total Fair Value of Net Assets	**1,152,814**

E. Amount recognized as Gain on Bargain Purchase in the Statement of Profit and Loss

Particulars	**AED '000**
Fair Value of Net Assets Acquired	1,152,814
Less: Proportionate share of Non-Controlling interest	33,952
Less: Fair Value of the consideration transferred	1,114,012
Gain on Bargain Purchase	**4,850**

F. Non-Controlling Interest

Amount of AED 33,952 thousand recognized as non- controlling interest measured on the basis of proportionate share in the recognized amount of the company's identifiable net assets at the acquisition date.

G. Acquisition Related Costs

Acquisition related cost of AED 60 thousands have been recognized under other expenses in the Consolidated Statement of Profit and Loss.

H. Revenue from operation of AED 420,927 thousands and Net Profit of AED 32,890 thousands from the acquired businesses since the acquisition date i.e.11 July 2018 are included in the Consolidated Statement of Profit and Loss for the year ended 31 March 2019.

32. **Employee Benefits: (Refer Note 24)**

(a) Contribution to defined contribution plans recognized as expenses are as under:

(AED '000)

Particulars	**07.05.2018 to 31.03.2019**
Retirement Pension and Social Security Scheme	899
Total	**899**

(b) Defined Benefit Plan

End of Service Benefit-

End of service benefit payable to Non UAE National employees is based on the employee' service and last drawn salary at the time of leaving the services of the Group and is in accordance with the rule of the Group for payment of end of service benefit. The plan is unfunded.

Disclosure for defined benefit plans based on actuarial reports:

(AED '000)

Particulars	**End of Service Benefit (unfunded) 07.05.2018 to 31.03.2019**
Changes in Defined Benefit Obligations:	
Present value of defined benefit obligation at the beginning of the year	-
Liabilities assumed on acquisition of controlling stake in Union Cement Company (PJSC)	12,991
Current Service Cost	951
Interest Cost	257
Re-measurements (gains)/losses	(257)
Benefits paid	(1,318)
Present Value of Defined Benefit Obligation at the end of the year	**12,624**
Change in Plan Assets:	
Fair value of plan assets at the beginning of the year	-
Assets acquired on acquisition of controlling stake in Union Cement Company (PJSC)	-
Expected Return on Plan Assets	-
Re-measurements gains/(losses)	-
Contribution by employer	1,318
Benefits paid	(1,318)
Fair Value of Plan Assets at the end of the year	**-**
Expenses Recognized in the Statement of Profit and Loss	
Current Service Cost	951
Interest cost	257
Expected Return on Plan Assets	-
Expenses Recognized in the Statement of Profit and Loss	**1208**

Particulars	End of Service Benefit (unfunded) 07.05.2018 to 31.03.2019
Expenses recognized in Other Comprehensive Income (OCI)	
Return on plan assets, (excluding amount included in net Interest expense)	NA
Actuarial (gains)/losses arising from changes in demographic assumptions	-
Actuarial (gains)/losses arising from changes in financial assumptions	-
Actuarial (gains)/losses arising from changes in experience adjustments on plan liabilities	(257)
Total recognized in Other Comprehensive Income	**(257)**
Total recognized in Total Comprehensive Income	**951**
Amount recognized in the Statement of Financial Position consists of	
Present Value of Defined Benefit Obligation	12,624
Fair Value of Plan Assets	NA
Net Liability	**12,624**

The Principal actuarial assumption used:

Particulars	07.05.2018 to 31.03.2019
Discount rate	3.00% per annum
Salary Growth Rate	2.67% per annum
Mortality rate	IALM 2006-08 Ultimate
Expected rate of return	NA
Withdrawal rate (Per Annum)	2.00% p.a. (18 to 30 Years)
Withdrawal rate (Per Annum)	5.00% p.a. (30 to 44 Years)
Withdrawal rate (Per Annum)	3.00% p.a. (44 to 60 Years)

The estimates of future salary increases have been considered in actuarial valuation after taking into consideration the impact of inflation, seniority, promotion and other relevant factors such as supply and demand situation in the employment market.

Sensitivity Analysis for significant assumptions as on 31.03.2019 are as follows:

Assumptions	Discount rate		Future Salary		Withdrawal Rate	
Sensitivity Level	**1.0% Increase**	**1.0% Decrease**	**1.0% Increase**	**1.0% Decrease**	**1.0% Increase**	**1.0% Decrease**
Impact on Defined Benefit Obligation (AED' 000)	(1,078)	1,276	1,267	(1,091)	30	(34)

The weighted average duration of the defined benefit obligation is 16 years:

Estimate of expected benefit payments (In absolute terms i.e. undiscounted):

(AED'000)

Particulars	End of Service Benefit (unfunded)
01 April 2019 to 31 March 2020	2,412
01 April 2020 to 31 March 2021	726
01 April 2021 to 31 March 2022	711
01 April 2022 to 31 March 2023	884
01 April 2023 to 31 March 2024	628
01 April 2024 Onwards	7,262

(c) Amount recognized as an expense in respect of leave encashment are AED 1,905 thousand.

33. **Related party Transactions and Balances**

Name of the Related Parties	Relationship
Shree Cement Limited	Ultimate Holding Company
Shree Enterprises Management Ltd.	Subsidiary Company
Shree International Holding Ltd.	Subsidiary Company
Union Cement Company (PJSC) (w.e.f. 11.07.2018)	Step Down Subsidiary Company
Union Cement Norcem LLC (w.e.f. 11.07.2018)	Step Down Subsidiary Company

Disclosure of Related Party Transactions: (AED ' 000)

Particulars	07.05.2018 to 31.03.2019
Purchase/Services Received	
- Shree Cement Limited	25,484

Key Management Personnel:

(AED' 000)

Particulars	07.05.2018 to 31.03.2019
Short Term Benefits	930
Total	**930**

All the related party transactions are made in the normal course of business and based on terms equivalent to those that prevail in arm's length transactions.

34. **Capital Management**

The primary objective of the Group's capital management policy is to ensure availability of funds at competitive cost for its operational and developmental needs and maintain strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes changes in view of changing economic conditions..

The capital structure of the Group consists of equity comprising issued and paid up share capital and reserves as disclosed in the statement of financial position.

The Group reviews the capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with capital.

35. **Fair Value of Financial Instruments**

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

(AED' 000)

Particulars	**As at 31.03.2019**	
	Carrying Value	**Fair Value**
Financial Assets Classified at Amortized Cost		
Deposits	79	79
Trade Receivables	154,606	154,606
Cash and Cash Equivalents	56,774	56,774
Other Bank Balances other than Cash and Cash Equivalents	12,000	12,000
Other Financial Assets	5,387	5,387
	228,846	**228,846**
Total Financial Assets		
Financial Liabilities Classified at Amortized Cost		
Short term Borrowings	2,515	2,515
Trade Payables	46,330	46,330
Other Financial Liabilities	19,403	19,403
Total Financial Liabilities	**68,248**	**68,248**

Fair Value Techniques:

The fair value of the financial assets and liabilities are included at the amount 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 following methods and assumptions were used to estimate the fair values:

a) Fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables, current deposits, other current financial assets, short term borrowings and other current financial liabilities approximate to their carrying amount largely due to the short term maturities of these instruments.

b) Long term fixed rate and variable rate receivables / borrowings are evaluated by the Group based on parameters such as interest rate, specific country risk factors, credit risk and other risk characteristics.

Fair Value Hierarchy
The following table provides the fair value measurement hierarchy of Group's asset and liabilities grouped into Level 1 to Level 3 as described below:

Quoted prices in an active markets (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (i.e., unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table provides the fair value measurement hierarchy of Group's asset and liabilities grouped into Level 1 to Level 3 as described below:

Fair Value of Assets and Liabilities Classified at Amortized Cost

(AED' 000)

Particulars	**As at 31.03.2019**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Other Financial Assets	-	2,723	-	2,723

There are no financial assets and liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

During the year ended 31.03.2019, there were no transfers between Level 1 and level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements.

36. **Financial Risk Management Objectives and Policies**
The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to manage finances for the Group's operations. The Group has deposits, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by senior management and the Board of Directors. The activities of this department include management of cash resources, borrowing strategies and ensuring compliance with market risk limits and policies.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market and other risk exposures are measured using sensitivity analysis indicated below:

Market risk and sensitivity
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency rate risk, interest rate risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments. Foreign currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and liabilities held as at 31.03.2019.

The sensitivity analyses exclude the impact of movement in market variables on the carrying value of post-employment benefit obligations, provisions and on non- financial assets and liabilities. The sensitivity of the relevant statement of profit and loss item is the effect of the assumed changes in respective market rates. The Group's activities expose it to a variety of financial risk including the effect of changes in foreign currency exchange rates and interest rates.

Interest rate risk and sensitivity
The Company is not exposed to the risk of changes in market interest rates as company has not taken any loans and borrowings with floating interest rates.

Foreign currency risk and sensitivity

Company is not exposed to significant foreign currency risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or United State Dollars to which the Dirham is fixed.

Credit risk

Credit risk is the risk that the counter party will not meet its obligation under a financial instruments or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities including deposits with banks and other financial instruments. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit quality of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management regularly.

Trade receivables

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The credit risk associated with the Group's trade receivables is considered limited as the Group holds receivables amounting to AED 40,484 thousand fully covered by unconditional bank guarantees, letters of credit and security cheques to secure the collectability of these trade receivables. Ongoing credit evaluation is performed on the financial condition of trade receivable.

The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdiction and industries and operate in largely independent markets.

The ageing of trade receivables is as below:

(AED '000)

Particulars	Neither Due nor Impaired	Past Due			Total
		Up to 6 months	6 to 12 months	Above 12 months	
Trade Receivables					
As at 31.03.2019					
Secured	35,686	4,798	-	-	40,484
Unsecured	66,445	36,149	15,028	-	117,622
Gross Total	**102,131**	**40,947**	**15,028**	**-**	**158,106**
Allowance for doubtful trade receivables					3,500
Net Total					**154,606**

Movement in Allowance for Doubtful Trade Receivables are given below

(AED' 000)

Particulars	07.05.2018 to 31.03.2019
Opening Balance	**NA**
Add: On Account of Business Combination	3,500
Add: Charge during the period	-
Closing Balance	**3,500**

Financial Instruments and cash deposits

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Investments of surplus funds are made only with approved counterparties. The maximum exposure to credit risk for the components of the statement of financial position is AED 228,846 thousands as at 31.03.2019, which is the carrying amounts of cash and cash equivalents, other bank balances, trade receivables, deposits and other financial assets.

Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (i.e. trade receivables, other financial assets) and projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of working capital loans, letter of credit facility, bank loans and credit purchases.

The table below provides undiscounted cash flows (excluding transaction cost on borrowings) towards non-derivative financial liabilities into relevant maturity based on the remaining period at the date of statement of financial position to the contractual maturity date:

As at 31.03.2019 (AED'000)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Short Term Borrowings	2,515	-	-	2,515
Trade Payables	46,330	-	-	46,330
Other Financial Liabilities	19,403	-	-	19,403
Total	**68,248**	-	-	**68,248**

37. **Leases**

(a) Operating Lease (Land)– Company as lessee

(AED'000)

Particulars	**As at 31.03.2019**
Within One year	2,000
After one year but not more than five years	8,000
More than five years	89,052

(a) General Description of Leasing Agreements:
(i) Leased Assets- Land and factory premises
(ii) Future Lease rentals are determined on the basis of agreed terms
(iii)Lease agreements are generally cancellable and are renewable by mutual consent on mutually agreed terms

38. **Previous Period' Figures**

This being the first financial period of the Company, there are no comparative figures for the previous period.

39. **Approval of consolidated financial statements**

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 15 May 2019

Signature to Notes 1 to 39

For and on behalf of the Board

B G Bangur
Director

Vijay Somani
Director

Place: Dubai
Date: 15 May 2019