Sterling and Wilson International Solar FZCO
Dubai Airport Free Zone, Dubai

Financial Statements
31 March 2020

Moore Stephens
P. O. Box 28817
M 5A Zalfa Building, Garhoud
Dubai, United Arab Emirates

T +971 (0)4 2820811 / 2820783
F +971 (0)4 2820812

www.moore-uae.ae

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF STERLING AND WILSON INTERNATIONAL SOLAR FZCO

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sterling and Wilson International Solar FZCO, Dubai Airport Free Zone, Dubai ("the Company"), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in shareholder's funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out in pages 3 to 28.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Continued…

MOORE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF STERLING AND WILSON INTERNATIONAL SOLAR FZCO (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on the Regulatory Requirements

In our opinion, all the necessary books of accounts and other records have been maintained in accordance with the provisions of the implementing regulations issued there under by the Dubai Airport Free Zone pursuant to Implementing Regulations No.1 of 2000, Pursuant Law No.2 of 1996 and its Amendment No. 2 of 2000 of H.H. Shaikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and the UAE Federal Law No. 2 of 2015 regarding Commercial Companies and its amendments and decisions made and issued there under by the Dubai Airport Free Zone Authority. We have obtained all information and explanations which are necessary for the purpose of the audit and to the best of our knowledge and belief no violation of the above applicable laws came to our attention which would materially affect the Company's financial position.

Moore Stephens

Moore Stephens

Dubai
10 June 2020

مور ستيفنز وشركاه
ص.ب ٢٨٨١٧ دبي
الامارات العربية المتحدة
P.O. Box: 28817, Dubai
U.A.E.
MOORE STEPHENS

Statement of comprehensive income

(stated in AED)

	Note	**Year ended 31 March 2020**	Year ended 31 March 2019
Income			
Sale of goods	5	**1,227,104,821**	1,598,174,836
Direct costs	6	**(1,131,039,903)**	(1,259,771,010)
Gross profit		**96,064,918**	338,403,826
Other income	7	**27,950,760**	36,233,189
		124,015,678	374,637,015
Expenses			
General and administration	8	**17,959,652**	13,309,278
Selling		**54,695**	110,759
Finance charges	9	**44,265,696**	33,781,297
Impairment loss on financial assets (Net)	25.1 c)	**2,238,346**	--
Depreciation	10	**382,952**	--
		64,901,341	47,201,334
Profit for the year		**59,114,337**	327,435,681
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement gain on employee terminal benefits obligations	19	**52,898**	--
Other comprehensive income for the year		**52,898**	--
Total comprehensive income for the year		**59,167,235**	327,435,681

The attached notes 1 to 26 form part of these financial statements.

Statement of financial position

(stated in AED)

	Note	2020	2019
Assets			
Non-current assets			
Right of use assets	10	**159,563**	--
Capital work in progress	11	**182,796**	--
Investments in subsidiaries	12	**4,234,193**	4,025,802
Total non-current assets		**4,576,552**	4,025,802
Current assets			
Contract assets	13	**7,982,646**	--
Accounts and other receivables	14	**1,380,858,886**	1,396,064,949
Bank balances	15	**120,192,093**	54,797,317
Total current assets		**1,509,033,625**	1,450,862,266
Total assets		**1,513,610,177**	1,454,888,068
Shareholder's funds and liabilities			
Shareholder's funds			
Share capital	16	**1,000,000**	1,000,000
Shareholder's current account	17	**209,320,000**	193,815,000
Retained earnings		**199,926,376**	178,939,141
Total shareholder's equity		**410,246,376**	373,754,141
Shareholder's loan	18	**14,684,744**	1,047,413
Total shareholder's funds		**424,931,120**	374,801,554
Liabilities			
Non-current liabilities			
Employees' terminal benefits	19	**1,085,333**	814,626
Total non-current liabilities		**1,085,333**	814,626
Current liabilities			
Employee' terminal benefits	19	**10,807**	--
Term loans	20	**194,468,064**	452,576,209
Bank borrowings	21	**113,371,440**	105,537,877
Accounts and other payables	23	**779,743,413**	521,157,802
Total current liabilities		**1,087,593,724**	1,079,271,888
Total liabilities		**1,088,679,057**	1,080,086,514
Total shareholder's funds and liabilities		**1,513,610,177**	1,454,888,068

The attached notes 1 to 26 form part of these financial statements.

Director
10 June 2020

Statement of changes in shareholder's funds

(stated in AED)

Year ended 31 March 2020	Share capital	Shareholder's current account	Retained earnings	Subtotal	Shareholder's loan	Total
Balance at 1 April 2019	**1,000,000**	**193,815,000**	**178,939,141**	**373,754,141**	**1,047,413**	**374,801,554**
Profit for the year	**--**	**--**	**59,114,337**	**59,114,337**	**--**	**59,114,337**
Other comprehensive income for the year	**--**	**--**	**52,898**	**52,898**	**--**	**52,898**
Total comprehensive income for the year	**--**	**--**	**59,167,235**	**59,167,235**	**--**	**59,167,235**
Dividends paid	**--**	**--**	**(38,180,000)**	**(38,180,000)**	**--**	**(38,180,000)**
Movement during the year	**--**	**15,505,000**	**--**	**15,505,000**	**13,637,331**	**29,142,331**
Balance at 31 March 2020	**1,000,000**	**209,320,000**	**199,926,376**	**410,246,376**	**14,684,744**	**424,931,120**

Year ended 31 March 2019	Share capital	Shareholder's current account	Retained earnings / (Accumulated losses)	Subtotal	Shareholder's loan	Total
Balance at 1 April 2019	1,000,000	177,000,000	(148,496,540)	29,503,460	956,540	30,460,000
Total comprehensive income for the year	--	--	327,435,681	327,435,681	--	327,435,681
Movement during the year	--	16,815,000	--	16,815,000	90,873	16,905,873
Balance at 31 March 2019	1,000,000	193,815,000	178,939,141	373,754,141	1,047,413	374,801,554

The attached notes 1 to 26 form part of these financial statements.

Statement of cash flows

(stated in AED)

	Note	**Year ended 31 March 2020**	Year ended 31 March 2019
Cash flows from operating activities			
Profit for the year		**59,114,337**	327,435,681
Adjustments for:			
Interest expense	9	**41,077,432**	26,951,704
Liabilities written back	7	**(858,351)**	--
Interest on lease liability	9	**15,361**	--
Interest income	7	**(26,782,590)**	(34,963,870)
Impairment losses on financial assets	25.1c)	**2,238,346**	--
Depreciation	10	**382,952**	--
Provision for employees' terminal benefits	19	**486,473**	762,899
Cash flows from operations before working capital changes		**75,673,960**	320,186,414
Decrease in inventories		**--**	7,397,721
Decrease in accounts and other receivables	14	**(126,185,927)**	(436,716,161)
(Increase) in contract assets	13	**(7,982,646)**	--
Increase/(decrease) in accounts and other payables	23	**248,063,739**	(391,768,273)
Increase in contract liabilities	23	**41,308,651**	--
Employee terminal benefits paid during the year	19	**(152,061)**	--
Net cash from/(used in) operating activities		**230,725,716**	(500,900,299)
Cash flows from investing activities			
Interest income on bank deposits	7	**213,729**	29,552
Increase in capital work in progress		**(182,796)**	--
Investments in subsidiaries during the year	12	**(208,391)**	(220,320)
Movement in loan to related party		**134,595,875**	73,711,360
Movement in margin money		**(5,219,190)**	(7,365,855)
Movement in escrow account relating to acquisition of a subsidiary		**3,407,156**	(3,407,156)
Net cash from investing activities		**132,606,383**	62,747,581
Cash flows from financing activities			
Interest paid	9	**(23,709,884)**	(10,045,831)
Net movement in term loans	15	**(258,108,145)**	452,576,209
Net movement in bank borrowings	15	**7,833,563**	38,897,689
Net movement in shareholder's current account		**12,808,902**	--
Payment of lease liability	22	**(393,793)**	--
Dividends paid		**(38,180,000)**	--
Net cash (used in)/from financing activities		**(299,749,357)**	481,428,067
Increase in cash and cash equivalents during the year		**63,582,742**	43,275,349
Cash and cash equivalents at the beginning of the year		**44,024,306**	748,957
Cash and cash equivalents at the end of the year		**107,607,048**	44,024,306
Non-cash transactions:			
Recognition of right-of-use assets		**542,515**	--
Prepaid rent expenses		**(164,083)**	--
Recognition of lease liability		**(378,432)**	--
		--	--

The attached notes 1 to 26 form part of these financial statements.

Notes to the financial statements

(stated in AED)

1. Legal status and principal activities

Sterling and Wilson International Solar FZCO ("the Company") was incorporated on 7 December 2017 in Dubai Airport Fee Zone with limited liability pursuant to the Implementing Regulations No. 1 of 2000, Pursuant Law No. 2 of 1996 and its Amendment No. 2 of 2000 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and the UAE Federal Law No. 2 of 2015 regarding Commercial Companies and its amendments and decisions made and issued there under by the Dubai Airport Free Zone Authority. The principal place of business of the Company is at Park Place Tower, Office No 1803-1804, Sheikh Zayed Road, Dubai, UAE.

The principal activity of the Company includes solar energy systems and components trading.

The parent company is Sterling and Wilson Solar Limited ("Ultimate Parent Company"), a public limited company incorporated in India and listed with Securities Exchange Board of India (SEBI). The principal activities of the Parent Company include solar energy systems and components trading and installation. The parent company is also engaged in design, engineering, procurement, fabrication, construction, installation, commissioning, testing and handing over of solar generating facilities and other related activities

2. Adoption of new and revised International Financial Reporting Standards

2.1 New standard and amendments adopted by the Company during the year

The Company has adopted the following applicable new and amended IFRSs as of 1 April 2019:

a) IFRS 16, 'Leases' is effective for annual periods beginning on or after 1 January 2019. The scope of IFRS 16 includes leases of all assets, with certain exceptions. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting is substantially unchanged from accounting under IAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. The standard's transition provisions permit certain reliefs.

   The management has reviewed the impact of the above standard and accordingly has elected to apply the standard using the modified retrospective approach with the initial application date of 1 April 2019. Therefore, the comparative information has not been restated and continues to be reported in accordance with the previous accounting policy.

   The details of change in accounting policy and the practical expedients used are disclosed in Notes 3.3 m) and 4.

b) Amendments to IAS 19, 'Employee Benefits' clarify the accounting for defined benefit plan amendments, curtailments and settlements.

Except for IFRS 16, the management believes that the adoption of other amendments effective for the current accounting period has not had any material impact on the recognition, measurement, presentation, and disclosure of items in the financial statements.

2.2 Amendment to existing Standard that is not yet effective and has not been adopted early by the Company

The following amendment to existing standard that is applicable to the Company has been published and is mandatory for accounting periods of the Company beginning after 1 April 2019, but which has not been adopted early by the Company:

Amendments to IAS 1, "Presentation of Financial Statements" and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" clarify the definition of 'material' across the standards. The new definition states that, 'information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Amendment to existing Standard that is not yet effective and has not been adopted early by the Company (Continued)

assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual periods commencing on or after 1 January 2020.

The management believes that the adoption of the above amendment to the existing standard is not likely to have any material impact on the recognition, measurement, presentation, and disclosure of items in the financial statements for future periods.

3. Basis of preparation and significant accounting policies and estimates

3.1 Basis of preparation

These financial statements represent the separate financial statements of the Company in which the investment in subsidiaries are accounted for using the cost method of accounting as explained in the respective accounting policy notes set out below. As required by International Financial Reporting Standards, the Company has prepared consolidated financial statements in which the financial statements of the subsidiaries are included on a line by line basis. These financial statements are supplementary to the consolidated financial statements and are not intended to replace or substitute such statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements have been prepared in Arab Emirates Dirham (AED).

3.2 Basis of measurement

These financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied consistently by the Company in these financial statements, except for the adoption of IFRS 16 using the modified retrospective approach as explained in Note 3.3 m) are set out below.

3.3 Significant accounting policies

a) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sales of goods
Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.

Delivery occurs when the goods have been shipped to the specific location, the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. The normal credit terms are 60 days upon delivery.

Revenue from contracts
Revenue from contracts is recognised over time based on the input method. Under the input method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue, including estimated fees or profits, are recorded proportionally as costs are incurred. The related costs are recognised in profit or loss when they are incurred. The payment is generally due within 60 days from the invoice date.

In determining the transaction price for its revenue from contracts with customers, the Company considers the effects of variable consideration and existence of significant financing component.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

a) Revenue recognition (Continued)

(1) Variable consideration
If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at the inception of the contract and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. As of the reporting date, no variable consideration has been identified.

(2) Significant financing component

Advances from customers
The Company generally receives short-term advances from its customers. For short-term advances received from customers, the Company used the practical expedient. As such, the Company will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Company expects, at contract inception, that the period between the time the customer pays for the good or service and when the Company transfers that promised good or service to customer will be one year or less.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

b) Contract balances

The timing of revenue recognition, billings and collections may result in contract assets, trade accounts receivable and contract liabilities.

Contract assets
The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. Contract assets are initially recognised for revenue earned on work completed as receipt of consideration is conditional on completion of work done and acceptance by the customer, at which point the contract assets are reclassified to trade accounts receivables.

The contract assets are transferred to trade accounts receivable when the rights become unconditional (i.e. only the passage of time is required before payment of the consideration is due), which usually occurs when the Company issues an invoice to the customer.

Contract liabilities
The contract liabilities primarily relate to the advance consideration received from customers prior to meeting the revenue recognition criteria or when the amount of consideration received from customers exceed the amount of revenue recognised. Contract liabilities are recognised as revenue when the Company performs under the contract.

c) Direct costs

Direct costs comprise costs that relates directly to the specific contract, costs that are attributable to the contracting activity in general and which can be allocated to contracts and other costs as are specifically chargeable to the customer under the terms of contracts.

d) Investments in subsidiaries

Investments in subsidiaries are carried at cost, less any impairment provisions.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

e) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 recognised as an expense immediately. Where 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 recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

f) Financial instruments – recognition, classification, measurement, derecognition and offsetting

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Recognition and initial measurement

Trade accounts receivable are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVPL), transaction costs that are directly attributable to its acquisition or issue.

All regular way purchases or sales of financial assets are recognised or derecognised 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 market place.

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

(ii) Classification and subsequent measurement

Financial assets: Classification

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit or loss (FVPL).

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the assets, or both.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

f) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets (Continued)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- the asset 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified or measured at amortised cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company's financial assets are classified and subsequently measured at amortised cost includes accounts and other receivables and bank and cash balances.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Any gain or loss on derecognition is recognised in the statement of comprehensive income.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

The Company's financial liabilities which include term loans, bank borrowings and accounts and other payables are classified and measured at amortised cost.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

f) Financial instruments – recognition, classification, measurement, derecognition and offsetting (Continued)

(iii) Derecognition

Financial assets
A financial asset (or where applicable a part of a financial asset or a part of group of similar financial assets) is derecognised either when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

g) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- Trade accounts receivable and contract assets; and
- Financial assets measured at amortised cost (other than trade accounts receivable and contract assets).

In case of trade accounts receivable and contract assets, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime of ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible defaults events over the expected life of a financial asset. 12 month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and profitability weighted amounts determined by a range

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

g) Impairment of financial assets (Continued)

of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of comprehensive income.

h) Employees' terminal benefits

Provision is made for employees' terminal benefits which is a defined benefit plan on the basis prescribed under UAE Labour Laws and is based on employees' salaries and number of years of service using actuarial techniques.

The cost of providing benefits is determined based on actuarial valuation by an independent actuary, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and remeasure each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are set with reference to high quality corporate bonds. Remeasurement, comprising actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in other comprehensive income. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost are recognised immediately. All other costs related to the defined benefit plan are recognised in the profit or loss statement within salaries and employee related costs.

The terminal benefits are paid to employees on termination or completion of their term of employment. Accordingly, the Company has no expectation of settling its employees' terminal benefits obligation in the near future.

i) Accounts and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed to the Company.

j) Loans and borrowings

After initial recognition at fair value net of directly attributable transaction costs, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

k) Foreign currencies

Functional and presentation currency
The financial statements are presented in Arab Emirates Dirham (AED), which is the Company's presentation currency. The functional currency of the Company is USD.

Transactions and balances
Transactions in currencies other than USD are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising in these cases are dealt within the statement of comprehensive income.

In determining the spot exchange rate to use on initial recognition of the related assets, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

l) Cash and cash equivalents

Cash and cash equivalents consist of unrestricted bank balances and short-term deposits less margin money deposits under lien.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

m) Operating leases

The Company has adopted IFRS 16 using the modified retrospective transition approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4 issued by the International Financial Reporting Interpretations Committee (Note 2.1 a)). The impact of change in accounting policy on adoption of IFRS 16 and the practical expedients used are detailed in Note 4.

Policy applicable from 1 April 2019

At the inception of the contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this maybe specified explicitly or implicitly in the contract and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset, i.e., the Company has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

As a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-to-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use of asset or the end of the lease term. The estimated useful lives of right-of-use asset is determined as 1–2 years. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments) less any lease incentive receivable for the right to use the underlying asset during the lease term that are not paid at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in fixed payments (including in-substance fixed payments) or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.3 Significant accounting policies (Continued)

m) Operating leases (Continued)

Policy applicable from 1 April 2019 (Continued)

When the lease liability is remeasured as described above, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office premises that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Extension and termination options
Where extension and termination options are included in the lease contracts, these are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control.

Policy applicable before 1 April 2019

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from the past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

Contingent liabilities are not recognised but are disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as provision.

3.4 Significant accounting judgement, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

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

IFRS 15, Revenue from contracts with customers

The application of revenue recognition policy in accordance with IFRS 15 has required management to make the following judgments:

Satisfaction of performance obligation

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine appropriate method of recognising revenue. For the Company's revenue from contracts with customers, the satisfaction of performance obligation are determined as follows:

a) *Sale of goods* – revenue is recognised at the point in time when control is transferred to the customer, normally upon delivery of the goods

b) *Revenue from contracts* **–** revenue is recognised over time as the Company creates/enhances an asset the customer controls

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.4 Significant accounting judgement, estimates and assumptions (Continued)

IFRS 15, Revenue from contracts with customers (Continued)

Determination of transaction prices

The Company is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgment, the Company assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

Allocation of transaction price to performance obligation in contracts with customers

The Company has elected to apply the input method in allocating the transaction price to performance obligations relating to revenue from contracts. The Company considers that the use of input method which requires revenue recognition on the basis of the Company's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the Company estimates the cost to complete the project in order to determine the amount of revenue to be recognised. The estimates include the job work charges, potential claims by contractors and the cost of meeting other contractual obligations to the customers.

Determining whether financing component in contracts is significant

The Company is required to apply judgment in determining whether a financing component within a contract is significant. In making such judgment, the Company considers all relevant facts and circumstances, including:

a. The difference, if any, between the amount of promised consideration and the cash selling price of goods/services; and

b. The combined effect of both of the following:

   i. the expected length of time between when the Company will recognise the revenue from the sale of goods/services and when the customer pays; and

   ii. the prevailing interest rates in the relevant market.

Impairment of financial assets

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

Trade accounts receivable, contract assets, amounts due from related parties and loan to a related party

The Company reviews its trade accounts receivable, contract assets, due from and loan to related parties to assess impairment at regular intervals. In determining whether impairment losses should be reported in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience and forward-looking estimates, is evidence of a reduction in the recoverability of the cash flows.

Escrow deposit and other bank balances and deposits

Impairment on escrow deposit and other bank balances and deposits has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its escrow deposit and other bank balances and deposits have low credit risk based on the external credit ratings of the counterparties. While escrow deposit and other bank balances and deposits are also subject to impairment, the identified impairment loss is considered immaterial.

3. Basis of preparation and significant accounting policies and estimates (Continued)

3.4 Significant accounting judgement, estimates and assumptions (Continued)

Estimates for accounting of employees' terminal benefits

The carrying value of the employees' terminal benefits is based on actuarial valuations. The actuarial valuations by an independent actuary using a project unit credit method are sensitive to assumptions concerning discount rates, salary increase rates, and other actuarial assumptions used. Changes in these assumptions may have an effect on the carrying amount of employees' terminal benefit obligation.

The discount rates used for determining the present value of the obligation under defined benefit plan are set with reference to high quality corporate bonds.

Other key assumptions relevant to the post employment benefit obligations are based in part on current market conditions. Additional disclosures concerning these obligations are provided in Note 19.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there has been no revision in the lease terms.

Use of incremental rate of borrowing

For measuring the lease liability, the Company discounted the lease payments based on its incremental rate of borrowing as on 1 April 2019 in the country in which the Company operates, i.e. 6% per annum. The definition of incremental borrowing rate states that the rate should reflect what the Company would be charged to borrow over a similar term and under similar circumstances. To determine an appropriate rate, the Company has obtained the relevant information from its bankers.

Impairment of investments in subsidiaries

Management assesses whether there are any indicators of possible impairment of investments in subsidiaries at each reporting date based on events or circumstances that indicate the carrying value of investment may not be recoverable. Such indicators include changes in the Company's business plans and carrying amount of investment is higher than the carrying amount of the subsidiaries' assets, or a dividend exceeds the total comprehensive income of the subsidiaries.

Impairment exists when the carrying value of investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4. Impact on significant changes in accounting policies

The Company has adopted IFRS 16 using the modified retrospective transition approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

On transition to IFRS 16, the Company elected to apply the practical expedient and applies IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16, "Leases" was applied only to contracts entered into or changed on or after 1 April 2019.

For leases classified as operating leases under IAS 17, the Company as a lessee:

a) Recognises a lease liability at the date of initial application for leases previously classified as an operating lease applying IAS 17. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at the date of initial application;

b) Recognises a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17. The right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate at the date of initial application; or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

On transition, the Company has elected to:

- Measure the right-to-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;

- Apply the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;

- Use hindsight when determining the lease term and assess if the contract contains options to extend or terminate the lease.

When measuring the lease liability, the Company discounts the lease payments using its incremental borrowing rate at 1 April 2019.

For leases previously classified as operating leases the Company has, on transition date, recognised as follows:

	Office premises
Operating lease commitments as at 1 April 2019	393,793
Total undiscounted lease liabilities as at 1 April 2019	393,793
Initial recognition of lease liabilities	
Lease liability – discounted using the incremental borrowing rate as at 1 April 2019	378,432
Initial recognition of lease liability as at 1 April 2019 (Note 22)	**378,432**
Initial recognition of right-of-use asset	
Lease liability (as measured above)	378,432
Add: prepayments	164,083
Right-of-use assets as at 1 April 2019 (Note 10)	**542,515**

5. Revenue from contract with customers

The following sets out the disaggregation of the Company's revenue from contracts with customers:

a) *Type of goods or services*

	Year ended 31 March 2020	Year ended 31 March 2019
Sale of goods	**1,219,122,175**	1,598,174,836
Revenue from contracts	**7,982,646**	--
	1,227,104,821	1,598,174,836

b) *Geographical locations*

	Year ended 31 March 2020	Year ended 31 March 2019
Middle East	**61,177,169**	821,311,134
Africa	**--**	532,167,631
Asia	**1,165,927,652**	244,696,071
	1,227,104,821	1,598,174,836

c) *Customer relationship*

	Year ended 31 March 2020	Year ended 31 March 2019
Related party customers (Note 24)	**1,165,927,652**	1,598,174,836
Third party	**61,177,169**	**--**
	1,227,104,821	1,598,174,836

6. Direct costs

	Year ended 31 March 2020	Year ended 31 March 2019
Material purchases	**1,101,118,956**	1,240,986,581
Letter of credit charges	**5,139,371**	5,762,168
Salaries and employee related costs	**40,544**	2,202,881
Others	**24,741,032**	10,819,380
	1,131,039,903	1,259,771,010

7. Other income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest income from related parties (Note 24)	**26,568,861**	34,934,318
Interest on bank deposit	**213,729**	29,552
Gain on foreign currency exchange	**--**	1,269,319
Liabilities written back	**858,351**	--
Miscellaneous income	**309,819**	--
	27,950,760	36,233,189

8. General and administration expenses

	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and employee related costs	**12,876,666**	9,699,064
Legal and professional fees	**1,333,402**	1,999,212
Loss on foreign currency exchange	**1,066,551**	--
Rental expenses (IAS 17) (Note 22)	**47,555**	484,415
License fee	**58,449**	187,577
Electricity, power and fuel	**389,701**	80,784
Handling charges	**303,947**	--
Branding fee	**299,662**	64,973
Others	**1,583,719**	793,253
	17,959,652	13,309,278

9. Finance charges

	Year ended 31 March 2020	Year ended 31 March 2019
Interest expense – shareholder (Note 24)	**16,333,429**	16,905,873
Interest on lease liability (Note 22)	**15,361**	--
Interest expense – term loans and bank borrowings	**23,709,884**	10,045,831
Interest expense – related parties (Note 24)	**1,034,119**	--
Bank charges	**3,172,903**	6,829,593
	44,265,696	33,781,297

10. Right-of-use assets

	Office premises
Cost	
At 1 April 2019	**--**
Arising on adoption of IFRS 16 (Note 4)	**542,515**
At 1 April 2019 (restated)	**542,515**
At 31 March 2020	**542,515**
Accumulated depreciation	
At 1 April 2019	**--**
Charge for the year	**382,952**
At 31 March 2020	**382,952**
Net book value	
At 31 March 2020	**159,563**
At 31 March 2019	**--**

11. Capital work-in-progress

Capital work-in-progress represents expenditure incurred on leasehold improvements of office premises. Upon completion, the related expenditure will be transferred to property and equipment.

12. Investments in subsidiaries

The following summarises information of the Company's investments in subsidiaries:

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership interest held by the Company		Carrying value	
		2020	2019	**2020**	2019
Sterling and Wilson Middle East Solar Energy L.L.C	UAE	**49%**	49%	**1,081,652**	1,081,652
Sterling and Wilson Singapore Pte. Ltd.	Singapore	**100%**	100%	**150,260**	150,260
Sterling and Wilson Engineering (Pty) Ltd.	South Africa	**60%**	60%	**21**	21
Sterling and Wilson Solar Solutions Inc.	USA	**100%**	100%	**368**	368
Renovable Energia Contracting, S.L.	Spain	**99%**	99%	**17,813**	17,813
GCO Solar Pty Ltd. (Previously known as GCO Electrical Pty. Ltd.)	Australia	**76%**	76%	**2,555,368**	2,555,368
Sterling and Wilson LLP	Kazakhstan	**100%**	100%	**220,320**	220,320
Sterling and Wilson Solar Australia Pty Ltd	Australia	**100%**	--	**11,291**	--
Sterling and Wilson Malaysia Sdn Bhd	Malaysia	**30%**	--	**197,100**	--
				4,234,193	4,025,802

12. Investments in subsidiaries (Continued)

The following subsidiaries are held through the Company's subsidiaries in Singapore and USA:

Name of subsidiary	Held through	Place of incorporation and operation	Proportion of ownership interest held by the subsidiaries 2020	2019
Sterling and Wilson Solar Solutions LLC	Sterling and Wilson Solar Solutions Inc., USA	USA	**100%**	100%
Sterling and Wilson Kazakhstan LLP	Sterling and Wilson Singapore Pte. Ltd.	Kazakhstan	**100%**	100%

There has been no significant commercial activity for the subsidiaries registered in Singapore, Malaysia and Kazakhstan as of the reporting date.

Although the shareholding in Sterling and Wilson Middle East Solar Energy L.L.C is only 49% , the Company controls and has the power to direct the relevant activities of the subsidiary, and thereby can significantly affect the returns of the subsidiary.

Incorporation of subsidiaries

During the year i.e. on 16 April 2019, a new company has been incorporated in Australia, Sterling and Wilson Solar Australia Pty Ltd. with 100% ownership interest. However, no share capital has been issued by this subsidiary.

Further, during the year, effective from 4 June 2019, a new company has been incorporated in Malaysia, Sterling and Wilson Malaysia Sdn. Bhd. and the Company holds 30% legal shareholding. Although the shareholding in Sterling and Wilson Malaysia Sdn Bhd is only 30%, the Company controls and has the power to direct the relevant activities of the subsidiary, and thereby can significantly affect the returns of the subsidiary.

The principal activities of the subsidiaries include solar energy systems and components trading, rental and installation. The subsidiaries are also engaged in design, engineering, procurement, fabrication, construction, installation, commissioning, testing and handing over of solar generating facilities and other related activities.

13. Contract assets

Contract assets represent unbilled receivables on revenue recognised during the year, which upon invoicing will be transferred to trade accounts receivable. The balance as of the reporting date represents the unbilled receivables of the Company from its Solar EPC projects in UAE.

14. Accounts and other receivables

	2020	2019
Trade accounts receivable		
- Related party	**860,451,573**	824,932,594
- Third party	**41,534,385**	--
Due from related parties (funding)	**103,490,543**	74,696,663
Loan to a related party	**351,605,978**	490,621,651
Advance to suppliers	**9,354,270**	3,525,994
Deposits and prepayments	**977,227**	2,074,636
Other receivables	**15,683,256**	213,411
	1,383,097,232	1,396,064,949
Less – Provision for impairment losses on due from related parties (funding) (Note 25.1c))	**(2,238,346)**	--
	1,380,858,886	1,396,064,949

a) Trade accounts receivable is subject to a charge for facilities granted to the Company (Note 20 and Note 21).

b) The Company's assessment of expected credit losses on due from related parties – trading and funding, trade accounts receivables from third parties, loan to a related party, due from related parties, deposits and other receivables are considered recoverable at the reporting date (Note 25.1 c)).

14. Accounts and other receivables (Continued)

c) Effective 1 April 2019 till 14 November 2019, loan to a related party carries interest rate at 7.5% per annum and from 15 November 2019 to 31 March 2020 at 8% (2019: 7%) per annum. The loan is unsecured and is repayable on demand. Subsequent to the reporting date, the Company has demanded the loan to be repaid together with all interest accrued and unpaid (up to date of repayment) latest by 30 September 2020.

d) Trade accounts receivable and amounts due from related parties are considered collectible based on historic experience. It is not the practice of the Company to obtain collateral over receivables

e) Other receivables include an amount of AED 15.415 million which represents the cost incurred in relation to additional works undertaken by the Company to compensate a customer for deficiencies in the products supplied under the terms of the contract with a customer. The Company has incurred AED 15.415 million as at the reporting date and will incur (after the reporting date) an estimated total cost to the tune of AED 51.94 million (USD 14.15 million) for the supply and installation of additional works. The management is of the view that the Company, under the terms of the Supply Agreement with its supplier has reasonable grounds to claim against the supplier for the costs incurred (or to be incurred after the reporting date) totaling to AED 51.94 million to complete the additional works. The management's view is also endorsed and supported by a legal opinion obtained from an external law firm. Accordingly, the management is confident that the amount of AED 15.415 million (incurred as at 31 March 2020) is fully recoverable.

15. Bank balances

	2020	2019
Bank current accounts	**105,718,578**	27,128,230
Escrow account relating to acquisition of a subsidiary	**--**	3,407,156
Margin money deposits	**12,585,045**	7,365,855
Short-term deposits	**1,888,470**	16,896,076
Bank and cash balances	**120,192,093**	54,797,317
Less: Escrow account relating to acquisition of a subsidiary	**--**	(3,407,156)
Less: Margin money deposits under lien	**(12,585,045)**	(7,365,855)
Cash and cash equivalents in the statement of cash flows	**107,607,048**	44,024,306

Short-term deposits are placed with a commercial bank and attracts interest between 2.05% to 4% (2019: 4.9%) per annum.

Margin money deposits are subject to a charge for the facilities granted to the Company (Note 20).

Escrow account represents the purchase consideration payable by the Company on acquisition of a subsidiary in Australia as per the conditions prescribed in the share purchase and shareholders agreement (SPA). In the current year, purchase consideration has been settled as per the SPA.

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes:

2020	**1 April 2019**	**Financing cash flows**	**31 March 2020**
Bank borrowings	**105,537,877**	**7,833,563**	**113,371,440**
Term loans	**452,576,209**	**(258,108,145)**	**194,468,064**
	558,114,086	**(250,274,582)**	**307,839,504**

2019	1 April 2018	Financing cash flows	31 March 2019
Bank borrowings	66,640,188	38,897,689	105,537,877
Term loans	--	452,576,209	452,576,209
	66,640,188	491,473,898	558,114,086

16. Share capital

	2020	2019
Authorised, issued and fully paid		
(1 share of AED 1,000,000 each)	**1,000,000**	1,000,000
	1,000,000	1,000,000

17. Shareholder's current account

This represents amount credited to shareholder's current account pursuant to a resolution of the shareholder of the Parent company to convert its loan into equity with retrospective effect from 31 March 2018. This balance carries interest at 8% (2019: 9.5%) per annum. As at the reporting date, the legal formalities to convert this balance into equity is still pending.

18. Shareholder's loan

Shareholder's loan is unsecured, carries interest at 8% (2019: 9.5%) per annum, without defined repayment arrangement and is repayable only at the option of the Company.

19. Employees' terminal benefits

The provision for end of service benefits for employees is made in accordance with the requirements of the labour laws of the UAE. This is an unfunded defined benefit plan. The employees are entitled to benefits based on length of service and final remuneration and are payable on termination or completion of term of employment.

Movement in the employees' terminal benefit obligation is as follows:

	2020	2019
Balance at the beginning of the year	**814,626**	51,727
Current service costs and interest	**486,473**	762,899
Actuarial losses/(gains) recognised in other comprehensive income:		
- changes in demographic assumptions	**(38,639)**	--
- changes in financial assumptions	**(16,307)**	--
- experience adjustments	**2,048**	--
Payments during the year	**(152,061)**	--
Balance at the end of the year	**1,096,140**	814,626

The maturity profile of employees' terminal benefit obligation is as follows:

	2020	2019
Payable within 12 months	**10,807**	--
Payable after 12 months	**1,085,333**	814,626
	1,096,140	814,626

One employee of the Company is under the visa of a related party. However, the employee's terminal benefits are accounted and reported in the books of the Company. The formal transfer of the employee's visa from the related party to the Company is still under process.

The following are the principal actuarial assumptions at the reporting date:

	2020	2019
Discount rate	**3.20%**	3.10%
Salary escalation	**5.00%**	5.00%
Employee turnover rate	**2.00%**	1.00%

The sensitivities of the overall employee terminal benefits liability to changes in the weighted principal assumptions are:

	2020	2019
Discount rate + 100 basis points	**(147,016)**	(117,890)
Discount rate - 100 basis points	**178,343**	144,264
Salary escalation rate + 100 basis points	**173,166**	139,910
Salary escalation rate - 100 basis points	**(145,985)**	(116,966)
Employee turnover + 100 basis points	**(32,842)**	(32,971)
Employee turnover - 100 basis points	**36,644**	36,587

20. Term loans

	2020	2019
Loan 1	**73,383,699**	73,440,000
Loan 2	**--**	146,871,636
Loan 3	**121,084,365**	122,387,760
Loan 4	**--**	36,416,213
Loan 5	**--**	73,460,600
Amounts due within a year disclosed as current	**194,468,064**	452,576,209

Loan 1: The loan is from a commercial bank and is denominated in United States Dollar (USD). The loan carries an interest rate of 2% + 3-month Libor per annum and bullet repayment is due on 31 May 2020. The loan is secured by lien over margin money deposit amounting to 10% of the loan facility availed (Note 15).

Loan 2: The loan was from a commercial bank and was denominated in United States Dollar (USD). The loan carried an interest rate of 3% + 1-month Libor per annum and repayable within 180 days from the draw down date and the last repayment was on 15 July 2019. The loan was secured by a charge over trade accounts receivable and was backed by an assurance from the shareholder that the Company will honor its covenants (Note 14). Loan has been repaid during the year.

Loan 3: The loan is from a commercial bank and is denominated in United States Dollar (USD). The loan carries an interest rate of 125BPS + 3-month Libor per annum. The repayment terms are 40% of the loan due on 20 August 2020 and balance on 31 August 2020. The loan is secured by irrevocable stand-by letter of credit issued in favor of the bank.

Loan 4: The loan was from a commercial bank and was denominated in United States Dollar (USD). The loan carried an interest rate of 3-month Libor + 200BPS per annum. The loan was secured by stand-by letter of credit of USD 10 million issued by a commercial bank on 14 January 2019 and valid up to 6 January 2020. The loan was repayable on a bullet payment due on or before the expiry date of the stand-by letter of credit. Loan has been repaid during the year.

Loan 5: The loan was from a commercial bank and was denominated in United States Dollar (USD). The loan carried an interest rate of 2.75% per annum over LIBOR and was repayable on bullet payment after 6 months from the date of disbursement which is 23 July 2019. The loan was secured by stand-by letter of credit of USD 20 million in favour of the bank. Loan has been repaid during the year.

21. Bank borrowings

	2020	2019
Trust receipts	**110,132,039**	105,537,877
Bank overdraft	**3,239,401**	--
	113,371,440	105,537,877

Trust receipts are availed from a commercial bank by a related party on behalf of the Company. These carry interest at 1-month London Interbank Offered Rate (LIBOR) plus 225 BPS, and are secured by corporate guarantee of a related party.

Overdraft facility from a commercial bank in UAE is denominated in Arab Emirates Dirham (AED). The loan carries an interest rate of 1-month EIBOR + 2.25% per annum on actual amount utilised. The overdraft facility is secured by charge over assignment of receivables of the Company (Note 14).

22. Lease liability

Lease liability represents the discounted value of future lease payments for the lease of office premises (Note 3.3 m) and 4).

The movement of lease liability at the end of each reporting period is as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Lease liability discounted at incremental rate of borrowing as at 1 April (Note 4)	**378,432**	--
Add: Interest on lease liability	**15,361**	--
Less: Lease liability paid	**(393,793)**	--
Total lease liability as at 31 March	**--**	--

22. Lease liability (Continued)

The above lease commitments do not include lease commitments for short term leases, i.e., where the lease term is 12 months or less*.* These payments are expensed in the statement of comprehensive income.

Amounts recognised in the statement of comprehensive income

	Year ended 31 March 2020	Year ended 31 March 2019
Interest on lease liabilities (Note 9)	**15,361**	--
Rental expenses (IAS 17) (Note 8)	**47,555**	484,415

Amounts recognised in the statement of cash flows

	Year ended 31 March 2020	Year ended 31 March 2019
Payment of lease liability	**393,793**	--

23. Accounts and other payables

	2020	2019
Trade accounts payable including retention payables	**626,737,380**	507,809,957
Due to related parties	**103,829,281**	4,304,053
Liability arising from acquisition of a subsidiary	**--**	2,555,367
Contract liabilities – advances from customers	**41,308,651**	--
Accrued expenses and other payables	**7,868,101**	6,488,425
	779,743,413	521,157,802

Contract liabilities has increased due to new projects and contracts which was entered by the Company during the year.

24. Related party transactions

The Company has entered into both funding and other transactions with related parties during the year. Related parties represent shareholder and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Prices and terms of these transactions were approved by the management. The significant transactions during the year are as follows:

	Relationship	**Year-ended 31 March 2020**	Year ended 31 March 2019
Sale of goods (Note 5)	Shareholder	**924,644,494**	1,575,999,301
	Subsidiary	**241,283,157**	22,175,535
		1,165,927,651	1,598,174,836
Interest income (Note 7)	Other related party	**26,185,215**	34,906,008
	Subsidiary	**383,646**	28,310
		26,568,861	34,934,318
Recoverable expenses	Shareholder	**303,000**	--
Recharge of expenses to related party	Other related party	**5,100,631**	--
		5,403,631	--
LC Charges (Under other direct cost)	Shareholder	**10,594,827**	3,800,185
	Other related party	**1,536,880**	--
		12,131,707	3,800,185
Purchase of traded goods	Shareholder	**283,516**	--
Other direct costs	Subsidiary	**--**	5,967,887
Interest expense- Shareholder (Note 9)	Shareholder	**16,333,429**	16,905,873
Interest expense- Others (Note 9)	Other related party	**1,034,119**	--
Share in rent expense	Other related party	**47,555**	47,073
Management support services	Ultimate Parent Company	**299,262**	64,973

24. Related party transactions (Continued)

The amounts due from/to related parties do not attract interest and are receivable/payable on demand, except for certain due to/from related parties which carry interest expense of AED 1,034,119 and interest income of AED 383,646 (2019: interest income of AED 28,310) (Note 7 and 9).

Key management compensation	**Year ended 31 March 2020**	Year ended 31 March 2019
Salaries and other allowances	**7,415,221**	2,400,000
	7,415,221	2,400,000

25. Financial risk and capital management

25.1 Financial risk factors

The Company's financial instruments consist mainly of loan to a related party, amounts due from related parties, accounts and other receivables, bank balances, accounts and other payables, term loans and bank borrowings. The management believes that the fair values of the financial assets and liabilities approximate to their carrying amounts.

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. No changes were made in the risk management objectives and policies during the years ended 31 March 2020 and 31 March 2019. The identified risks are:

a) Currency risk

The Company manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Company does not hedge foreign currency exposures.

The table below indicates the Company's foreign currency exposure, as a result of its monetary assets and liabilities.

	2020 AED	2019 AED
Australian Dollar (AUD)	**--**	3,565,872
Euro (EUR)	**227,172**	(41,098,121)

The following tables demonstrate the sensitivity to a reasonably possible change in the following foreign currencies, with all other variables held constant. The impact on the Company's profit is due to changes in the fair value of monetary assets and liabilities.

Change incurrency rate in 5% (+/-)	**2020** Effect on profit (+/-)	2019 Effect on profit (+/-)
Currency		
AUD	**--**	178,294
EUR	**11,359**	(2,054,906)

b) Interest rate risk

The Company's interest rate risk arises from bank borrowings and term loans. The interest rate risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

A change of 100 basis points in interest rates at the reporting date (assuming that all other variable remain constant) would have increased/(decreased) profit as follows:

Change in interest rate (+/-)	**2020** Effect on profit (+/-)	2019 Effect on profit (+/-)
1%	**3,078,395**	**5,581,141**

25. Financial risk and capital management (Continued)

25.1 Financial risk factors (Continued)

c) Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally of bank balances, loan to a related party, trade accounts receivable, contract assets, deposit and other receivables and amounts due from related parties.

Bank balances and deposits
The Company's bank accounts are placed with high credit quality financial institutions.

Trade accounts receivable, contract assets, loan to a related party and due from related parties
The credit risk on trade accounts receivable, contract assets, amounts due from related parties and loan to a related party are subjected to credit evaluations. The Company mostly generates revenue from its shareholder and related parties. Outstanding amounts of trade accounts receivable, due from related parties and loan to related parties are regularly monitored and allowance is made for expected credit losses.

The Company is exposed to a concentration of credit risk. At the reporting date, 99.95% of the trade accounts receivable is due from 5 customers (31 March 2019: 100% is due from a single customer) and 100% of the amounts due from related parties (funding) is due from 10 parties (31 March 2019: 100% is due from 4 parties).

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Impairment of financial assets
The Company's trade accounts receivable, contract assets, due from related parties (funding), loan to related party, deposits and other receivables are subject to the expected credit loss model.

The impairment losses on financial assets recognised in the statement of comprehensive income were as follows:

	2020	2019
Impairment losses on due from related parties (funding)	**2,238,346**	--
	2,238,346	--

As at the reporting date, except for an amount due from a related party (funding) for which an impairment loss of AED 2,238,346 was recognised during the year, all other financial assets are expected to be recoverable and no expected credit loss is recognised.

While bank balances and short-term deposits are also subject to impairment, the identified impairment loss is considered immaterial.

Reconciliation of the closing loss allowances for due from related parties as at 31 March 2020 to the opening loss allowances are as follows:

	2020	2019
Balance at the beginning of the year	--	--
Increase in loss allowance during the year	**2,238,346**	--
Balance at the end of the year	**2,238,346**	**--**

d) Liquidity risk

The Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Company maintains good working relations with its banks and ensures compliance with the covenants as stipulated in facility agreements.

The table below summarises the maturities of the Company's undiscounted financial liabilities based on contractual payment dates:

25. Financial risk and capital management (Continued)

25.1 Financial risk factors (Continued)

d) Liquidity risk (Continued)

2020	On demand	0 to 3 months	3 to 12 months	Total
Accounts and other payables	**38,306,754**	**700,128,008**	**--**	**738,434,762**
Term loans	**--**	**73,827,835**	**123,770,178**	**197,598,013**
Bank borrowings	**3,239,401**	**74,902,924**	**39,284,742**	**117,427,067**
Total	**41,546,155**	**848,858,767**	**163,054,920**	**1,053,459,842**

2019	On demand	0 to 3 months	3 to 12 months	Total
Accounts and other payables	4,304,053	6,488,425	510,365,324	521,157,802
Term loans	--	153,921,059	311,867,894	465,788,953
Bank borrowings	--	24,557,355	84,124,808	108,682,163
Total	4,304,053	184,966,839	906,358,026	1,095,628,918

25.2 Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholder by pricing products commensurately with the level of risk.

The Company sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Company manages the shareholder's funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the shareholder's funds, the Company may adjust the amount of dividends paid to shareholder, return funds to shareholder, issue new shares, or sell assets to reduce its exposure to debt. Capital comprises share capital, shareholder's current account and retained earnings and is measured at AED 410,246,376 as at 31 March 2020 (2019: AED 373,754,141).

26. Impact due to COVID-19

On 11 March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a global pandemic. The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to constrain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, self-isolation, physical and social distancing and the closure of non-essential business, have caused significant disruption to businesses globally which has resulted in an uncertain and challenging economic environment. The Company has implemented a wide range of measures which is focused on: (i) ensuring that employees that can work remotely do so; and (ii) ensuring that employees working on site for the projects, who are not able to work remotely, are able to work safely and in a manner that ensures they remain healthy. Further there is no major impact on the project cost and margins due to Covid-19 as this event has been classified as force majeure which absolves the Company from any claims by the project developers on account of delay in project execution. The Company's cash flows have been relatively unaffected in the first quarter of 2020 due to the strong balance sheet with ample liquidity and the financial strength of its customers.

The situation including government and public response to the challenges continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorisation of these financial statements. Notwithstanding, these developments is not expected to have a significant impact on our future financial results, cash flows and financial position, the management will continue to monitor and evaluate the required mitigating actions during the 2021 financial year.