Sterling and Wilson International Solar FZCO and its Subsidiaries

Consolidated Financial Statements together with the Independent Auditor’s Report for the year ended 31 March 2023

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sterling and Wilson International Solar FZCO ("the Parent Company") and its Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholder's funds and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the significant accounting policies, set out on pages 3 to 39.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated 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 Consolidated 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) together with the ethical requirements that are relevant to our audit of the consolidated 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.

Emphasis of Matter

We draw attention to Notes 14 d) iii) and 27 d) of the consolidated financial statements, which describe the uncertainties related to the recoverability of the additional cost incurred by the Group and the outcome of the claim levied by a subcontractor. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with applicable requirements of Dubai Airport Free Zone Implementing Regulations 2021, 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 Consolidated 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.

Continued…

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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. We remain solely responsible for our audit opinion.

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 kept in accordance with the provisions of the Dubai Airport Free Zone Implementing Regulations 2021. 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 Dubai Airport Free Zone Implementing Regulations 2021 came to our attention during our audit work which would materially affect the Group's consolidated financial position.

Moore Stephens

Farad K. Lakdawala
Registration No: 341

11 April 2023
Dubai, United Arab Emirates

Consolidated statement of comprehensive income

(stated in AED)

	Note	**Year ended 31 March 2023**	Year ended 31 March 2022
Income			
Revenue from contracts with customers	3.5 a), 4	**535,580,342**	1,497,533,764
Direct costs	5	**(851,144,131)**	(1,725,875,153)
(Gross loss)		**(315,563,789)**	(228,341,389)
Other income	6	**500,213**	22,512,490
		(315,063,576)	(205,828,899)
Expenses			
General and administration	7	**88,584,757**	83,390,032
Finance charges	8	**36,714,943**	25,055,740
Impairment losses on financial assets	26.1 c)	**2,585,806**	1,032,021
Selling		**767,336**	2,157,377
		128,652,842	111,635,170
(Loss) for the year before tax		**(443,716,418)**	(317,464,069)
Taxation	9	**4,625,180**	(22,843,224)
(Loss) for the year		**(439,091,238)**	(340,307,293)
Other comprehensive income:			
Item that will be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations	3.5 m)	**22,542,632**	(3,152,535)
Effective portion of losses on hedging instruments in cash flow hedges		**--**	3,160,504
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement gain on employees' terminal benefits	22	**625,629**	469,684
Other comprehensive income for the year		**23,168,261**	477,653
Total comprehensive (loss) for the year		**(415,922,977)**	(339,829,640)
(Loss) for the year attributable to:			
Shareholder of the Parent Company		**(438,865,782)**	(338,667,692)
Non-controlling interests	20	**(225,456)**	(1,639,601)
		(439,091,238)	(340,307,293)
Other comprehensive income for the year attributable to:			
Shareholder of the Parent Company		**22,539,823**	608,812
Non-controlling interests		**628,438**	(131,159)
		23,168,261	477,653
Total comprehensive (loss) for the year attributable to:			
Shareholder of the Parent Company		**(416,325,959)**	(338,058,880)
Non-controlling interests	20	**402,982**	(1,770,760)
		(415,922,977)	(339,829,640)

The attached notes 1 to 27 form part of these consolidated financial statements.

Neville Madan	Amit Jain	Keki Elavia
Director	Director	Director
Dubai	Dubai	Mumbai
11 April 2023	11 April 2023	11 April 2023

Consolidated statement of financial position

(stated in AED)

	Note	2023	2022
Assets			
Non-current assets			
Property and equipment	10	**4,119,000**	6,120,062
Intangible assets	11	**151,093**	210,149
Capital work-in-progress	12	**37,754**	35,627
Deferred tax asset	9	**2,506,018**	2,756,018
Total non-current assets		**6,813,865**	9,121,856
Current assets			
Income tax receivable	9	**767,708**	954,083
Contract assets	13	**68,212,063**	193,715,766
Accounts and other receivables	14	**429,217,732**	692,011,116
Bank and cash balances	15	**15,702,251**	50,195,868
Total current assets		**513,899,754**	936,876,833
Total assets		**520,713,619**	945,998,689
Shareholder's funds and liabilities			
Shareholder's funds			
Share capital	16	**184,600,000**	184,600,000
Legal reserve	17	**150,000**	150,000
Capital reserve	18	**(934,652)**	(934,652)
Foreign currency translation reserve	3.5 m)	**9,621,018**	(12,269,014)
(Accumulated losses)		**(656,234,364)**	(218,018,373)
Total (deficiency of assets) attributable to the shareholder of the Parent Company		**(462,797,998)**	(46,472,039)
Shareholder's loan	19	**562,570,332**	53,762,516
Non-controlling interests	20	**(2,688,989)**	(3,091,971)
Total shareholder's funds		**97,083,345**	4,198,506
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion	21	**430,682**	1,155,506
Employees' terminal benefits – non-current portion	22	**2,326,341**	2,376,941
Total non-current liabilities		**2,757,023**	3,532,447
Current liabilities			
Bank borrowings	23	**78,233,097**	39,852,333
Lease liabilities – current portion	21	**1,156,113**	1,306,724
Accounts and other payables	24	**341,413,315**	892,312,200
Employees' terminal benefits – current portion	22	**70,726**	71,479
Provision for income tax	9	**--**	4,725,000
Total current liabilities		**420,873,251**	938,267,736
Total liabilities		**423,630,274**	941,800,183
Total shareholder's funds and liabilities		**520,713,619**	945,998,689

The attached notes 1 to 27 form part of these consolidated financial statements.

Neville Madan	Amit Jain	Keki Elavia
Director	Director	Director
Dubai	Dubai	Mumbai
11 April 2023	11 April 2023	11 April 2023

Consolidated statement of changes in shareholder's funds

(stated in AED)

	Attributable to the shareholder of the Parent Company									
	Share capital	Legal reserve	Capital reserve	Cash flow hedging reserve	Foreign currency translation reserve	(Accumulated losses)	Sub total	Shareholder's loan	Non-controlling Interests	Total
Balance at 1 April 2022	**184,600,000**	**150,000**	**(934,652)**	**--**	**(12,269,014)**	**(218,018,373)**	**(46,472,039)**	**53,762,516**	**(3,091,971)**	**4,198,506**
(Loss) for the year	**--**	**--**	**--**	**--**	**--**	**(438,865,782)**	**(438,865,782)**	**--**	**(225,456)**	**(439,091,238)**
Other comprehensive income for the year	**--**	**--**	**--**	**--**	**21,914,194**	**625,629**	**22,539,823**	**--**	**628,438**	**23,168,261**
Total comprehensive (loss) for the year	**--**	**--**	**--**	**--**	**21,914,194**	**(438,240,153)**	**(416,325,959)**	**--**	**402,982**	**(415,922,977)**
Movements during the year	**--**	**--**	**--**	**--**	**(24,162)**	**24,162**	**--**	**508,807,816**	**--**	**508,807,816**
Balance at 31 March 2023	**184,600,000**	**150,000**	**(934,652)**	**--**	**9,621,018**	**(656,234,364)**	**(462,797,998)**	**562,570,332**	**(2,688,989)**	**97,083,345**

Consolidated statement of changes in shareholder's funds (Continued)

	Attributable to the shareholder of the Parent Company									
	Share capital	Legal reserve	Capital reserve	Cash flow hedging reserve	Foreign currency translation reserve	Retained earnings/ (Accumulated losses)	Sub total	Shareholder's loan	Non-controlling Interests	Total
Balance at 1 April 2021	184,600,000	150,000	(934,652)	(3,160,504)	(9,247,638)	120,179,635	291,586,841	54,858,920	(1,321,211)	345,124,550
(Loss) for the year	--	--	--	--	--	(338,667,692)	(338,667,692)	--	(1,639,601)	(340,307,293)
Other comprehensive income for the year	--	--	--	3,160,504	(3,021,376)	469,684	608,812	--	(131,159)	477,653
Total comprehensive (loss) for the year	--	--	--	3,160,504	(3,021,376)	(338,198,008)	(338,058,880)	--	(1,770,760)	(339,829,640)
Movements during the year	--	--	--	--	--	--	--	(1,096,404)	--	(1,096,404)
Balance at 31 March 2022	184,600,000	150,000	(934,652)	--	(12,269,014)	(218,018,373)	(46,472,039)	53,762,516	(3,091,971)	4,198,506

The attached notes 1 to 27 form part of these consolidated financial statements.

Consolidated statement of cash flows

(stated in AED)

	Note	Year ended 31 March 2023	Year ended 31 March 2022
Cash flows from operating activities			
(Loss) for the year before tax		**(443,716,418)**	(317,464,069)
Adjustments for:			
Liquidated damages	5	**4,725,000**	49,035,749
Provision/(reversal of provision) for foreseeable losses	5	**51,670,158**	(4,390,765)
Interest income	6	**(275,278)**	(11,357,126)
Reversal of liabilities no longer considered payable	6	**--**	(4,569,534)
Loss/(profit) on sale of property and equipment	7,6	**30,343**	(496,722)
Interest expense	8	**36,613,169**	24,929,025
Interest on lease liabilities	8	**101,774**	126,715
Depreciation	10	**3,634,224**	3,243,931
Amortisation of intangible assets	11	**59,056**	59,056
Provision for employees' terminal benefits	22	**871,194**	1,011,752
Impairment losses on financial assets	26.1 c)	**2,585,806**	1,032,021
Cash flows (used in) operations before working capital changes		**(343,700,972)**	(258,839,967)
Decrease/(increase) in contract assets		**125,503,703**	(118,103,836)
Decrease in accounts and other receivables		**271,841,465**	201,812,718
(Decrease) in accounts and other payables		**(366,108,689)**	(69,270,749)
Employee's terminal benefits paid	22	**(296,918)**	(918,588)
Income tax paid		**(119,987)**	(629,445)
Net cash (used in) operating activities		**(312,881,398)**	(245,949,867)
Cash flows from investing activities			
Purchase of property and equipment (excluding right-of-use assets)	10	**(1,263,772)**	(3,290,024)
Proceeds from sale of property and equipment		**4,893**	1,514,907
Interest income received		**275,278**	11,357,126
Decrease in margin money deposits	15	**6,576**	7,366,809
Net movement in loan to a related party		**--**	244,662,085
Additions to capital work-in-progress	12	**--**	(6,597)
Net cash (used in)/from investing activities		**(977,025)**	261,604,306
Cash flows from financing activities			
Net movement in term loan	15	**--**	(21,919,426)
Net movement in bank borrowings	15	**38,380,764**	5,400,239
Interest paid		**(1,765,385)**	(2,291,011)
Payment of lease liabilities and interest	21	**(1,698,758)**	(1,281,944)
Net movement in due to related parties	24	**(254,895,898)**	13,617,485
Net movement in shareholder's loan		**492,457,560**	--
Net cash from/(used in) financing activities		**272,478,283**	(6,474,657)
Net movement in currency translation		**6,893,099**	(3,695,820)
(Decrease)/Increase in cash and cash equivalents during the year		**(34,487,041)**	5,483,962
Cash and cash equivalents at the beginning of the year		**44,880,890**	39,396,928
Cash and cash equivalents at the end of the year	15	**10,393,849**	44,880,890
Non-cash transactions:			
Recognition of right-of-use assets	10	**(163,943)**	(919,838)
Recognition of lease liabilities	21	**163,943**	919,838
Movement in right-of-use assets arising from modification	10	**(635,663)**	(602,022)
Movement in lease liabilities arising from modification	21	**635,663**	602,022
		--	--

The attached notes 1 to 27 form part of these consolidated financial statements.

Notes to the consolidated financial statements

(stated in AED)

1. Legal status and principal activities

These consolidated financial statements comprise the financial statements of Sterling and Wilson International Solar FZCO ("the Parent Company") and its Subsidiaries (collectively called as "the Group") listed below. The Parent Company was incorporated on 7 December 2017 in Dubai Airport Fee Zone with limited liability in accordance with the Dubai Airport Free Zone Authority Implementing Regulations No. (1) of 1998 pursuant to Law No. (25) of 2009 Concerning the Dubai International Airport Free Zone. On 14 March 2021, the Dubai Airport Free Zone Implementing Regulations 2021 came into effect, which repealed the existing Implementing Regulations.

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (MoF) released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses to enact a new corporate tax (CT) regime in the UAE. The new CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The registered office address of the Parent Company is at PO. Box 54811, Dubai Airport Free Zone, Dubai, UAE.

The details of subsidiaries which have been consolidated in the Group's consolidated financial statements are as follows:

Name of subsidiary	Country of registration	Proportion of ownership interest held by the Group		Voting rights held by the Group	
		31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
Sterling and Wilson Middle East Solar Energy L.L.C	United Arab Emirates	**100%**	100%	**100%**	100%
Sterling and Wilson Singapore Pte. Ltd.	Singapore	**100%**	100%	**100%**	100%
Sterling and Wilson Engineering (Pty) Ltd.	South Africa	**60%**	60%	**60%**	60%
Sterling and Wilson Solar Solutions Inc.	USA	**100%**	100%	**100%**	100%
Sterling and Wilson Solar Spain S.L.	Spain	**99%**	99%	**100%**	100%
GCO Solar Pty Ltd.	Australia	**100%**	100%	**100%**	100%
Sterling and Wilson International LLP	Republic of Kazakhstan	**100%**	100%	**100%**	100%
Sterling and Wilson Solar Australia Pty Ltd.	Australia	**100%**	100%	**100%**	100%
Sterling and Wilson Renewable Energy Spain S.L (Formerly Esterlina Solar – Proyecto Diez, S.L.) (See note a) below)	Spain	**100%**	--	**100%**	--
Sterling and Wilson Solar Malaysia Sdn Bhd (See note b) below)	Malaysia	**--**	30%	**--**	100%
Held through Sterling and Wilson Solar Solutions Inc.					
Sterling and Wilson Solar Solutions LLC	USA	**100%**	100%	**100%**	100%
Sterling and Wilson Renewable Energy Nigeria Limited (See note c) below)	Nigeria	**100%**	--	**100%**	--
Held through Sterling and Wilson Singapore Pte. Ltd.					
Sterling and Wilson Kazakhstan LLP	Republic of Kazakhstan	**100%**	100%	**100%**	100%

1. Legal status and principal activities (Continued)

Name of subsidiary	Country of registration	Proportion of ownership interest held by the Group		Voting rights held by the Group	
		31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
Held through Sterling and Wilson Solar Spain S.L					
Esterlina Solar – Proyecto Uno, S.L.	Spain	**100%**	100%	**100%**	100%
Esterlina Solar – Proyecto Dos, S.L.	Spain	**100%**	100%	**100%**	100%
Esterlina Solar – Proyecto Tres, S.L.	Spain	**100%**	100%	**100%**	100%
Esterlina Solar – Proyecto Cuatro, S.L.	Spain	**100%**	100%	**100%**	100%
Esterlina Solar – Proyecto Cinco, S.L.	Spain	**100%**	100%	**100%**	100%
Esterlina Solar – Proyecto Seis, S.L.	Spain	**100%**	100%	**100%**	100%
Esterlina Solar – Proyecto Siete, S.L.	Spain	**100%**	100%	**100%**	100%
Esterlina Solar – Proyecto Ocho, S.L.	Spain	**100%**	100%	**100%**	100%
Esterlina Solar – Proyecto Nueve, S.L.	Spain	**100%**	100%	**100%**	100%
Esterlina Solar – Proyecto Diez, S.L. (See note a) below)	Spain	**--**	100%	**--**	100%

There were no significant commercial activities for the subsidiaries registered in Singapore, Kazakhstan, Nigeria and Spain as of the reporting date.

a) During the year, Esterlina Solar – Proyecto Diez, S.L. (100% subsidiary of Sterling and Wilson Solar Spain S.L.) was renamed as Sterling and Wilson Renewable Energy Spain S.L and 100% of the ownership interest of this subsidiary was transferred from Sterling and Wilson Solar Spain S.L to the Parent Company. Consequently, Sterling and Wilson Renewable Energy Spain S.L became a directly held subsidiary of the Parent Company.

b) During the year, Sterling and Wilson Solar Malaysia Sdn Bhd was liquidated.

c) During the year, Sterling and Wilson Solar Solutions Inc., USA (Subsidiary of the Group) incorporated a wholly owned subsidiary, Sterling and Wilson Renewable Energy Nigeria Ltd.

The Parent Company is owned by Sterling and Wilson Renewable Energy Limited (“the Ultimate Parent Company”), a public limited company incorporated in India and listed with Securities Exchange Board of India (SEBI). Major shareholders of the Ultimate Parent Company are Reliance New Energy Limited and Shapoorji Pallonji and Company Private Limited. The principal activities of the Group include solar energy systems and components trading and installation. The Group 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 Amended standards adopted by the Group

The Group has adopted the following applicable amended IFRS as of 1 April 2022:

a) Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’ specify the costs that an entity includes when assessing whether a contract will be loss-making. The amendments are applicable for annual periods commencing on or after 1 January 2022.

b) Amendments to IAS 16 ‘Property, plant and equipment’ require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related costs in profit or loss, instead of deducting the amounts received from the cost of the asset. The amendments are applicable for annual periods commencing on or after 1 January 2022.

c) Annual Improvements to IFRS Standards (2018-2020) Cycle – The following improvements are effective for annual periods beginning on or after 1 January 2022:

- IFRS 9 – clarifies that when performing the “10 per cent test” for derecognition of financial liabilities, in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

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

2.1 Amended standards adopted by the Group (Continued)

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

2.2 Amendments to existing standards that are not yet effective and have not been adopted early by the Group

The following amendments to existing standards are applicable for accounting periods of the Group beginning after 1 April 2022, and have not been adopted early by the Group:

a) Amendments to IAS 8, 'Accounting policies, changes in accounting estimates and errors' introduce the definition of accounting estimates. The amendments also help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are applicable for annual periods commencing on or after 1 January 2023.

b) Amendments to IAS 1, 'Presentation of financial statements' require an entity to disclose its material accounting policy information rather than its significant accounting policies. Consequently, the IFRS Practice Statement 2 (Making Material Judgements) has also been amended to illustrate how an entity can judge whether accounting policy information is material to its financial statements. The amendments are applicable for annual periods commencing on or after 1 January 2023.

c) Amendments to IAS 12, 'Income taxes' narrows the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are applicable for annual periods commencing on or after 1 January 2023.

d) Amendments to IAS 1 (Classification of Liabilities as Current or Non-current) clarify the requirements for presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that if a liability is subject to covenants, the Group may only classify a liability as non-current if it meets the covenant tests as at the reporting date, even if the lender does not test compliance until a later date. The meaning of settlement of a liability is also clarified. This amendment has been further amended by Non-current Liabilities with Covenants and should be considered together. The mandatory application date of this amendment has been deferred from 1 January 2023 to 1 January 2024. If an entity early adopts this amendment after October 2022, it must also early adopt the amendment Non-current Liabilities with Covenants at the same time.

   Amendments to IAS 1 (Non-current Liabilities with Covenants), clarify the presentation of liabilities in the statement of financial position as current or non-current. It further amends the Classification of Liabilities as Current or Non-current amendments as discussed above. Under these amendments, covenants that are to be complied with after the reporting date do not affect the classification of the debt as current or non-current. Instead, the amendments require the Group to disclose information about these covenants in the notes.

   This amendment can be early adopted and if early adopted, the amendment relating to Classification of Liabilities as Current or Non-current, must be early adopted on or before this amendment.

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

3. Basis of preparation and significant accounting policies and estimates

3.1 Basis of preparation

These consolidated 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 consolidated financial statements have been presented in Arab Emirates Dirham (AED).

3.2 Going concern assumption

These consolidated financial statements are prepared on a going concern basis, which assumes that the Group will continue to operate as a going concern for the foreseeable future. During the year ended 31 March 2023, the Group has incurred a loss of AED 439,091,238 (2022: AED 340,307,293) and as at that date, the Group had accumulated losses of AED 656,234,364 (2022: AED 218,018,373) which exceeded the share capital.

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

3.2 Going concern assumption (Continued)

In order to support the continuance of the Group's operations, the shareholder has confirmed its willingness to continue the operations of the Group and to provide sufficient funds as may be necessary to meet liabilities that cannot be met out of the Group's available resources. Management have no reason to doubt that such support, if required, will not be provided and accordingly, they do not consider a material uncertainty regarding going concern exists.

3.3 Basis of consolidation

The consolidated financial statements comprise those of the Parent Company and its subsidiaries listed in Note 1. Subsidiaries which are directly or indirectly controlled by the Group are consolidated. Control is achieved where the Parent Company has power over the investees, that expose or give rights to variable returns from its involvement with the investee, and the Parent Company is able to use its power to affect the amount of returns from the investee. Generally, control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Parent Company controls another entity.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Parent Company's voting rights and potential voting rights.

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

The consolidated financial statements are based on the financial statements of the subsidiaries drawn up using the standard Group accounting policies. Accounting policies applied by individual subsidiaries have been revised where necessary to ensure consistency with Group policies for consolidation purposes.

All significant intra-group transactions and balances between Group entities are eliminated on consolidation. The Group applies a policy of treating transactions with a non-controlling interest as transactions with equity holders when control of the subsidiary is not lost of the subsidiary. This is therefore reflected in equity. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

3.4 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies that have been applied consistently by the Group in these consolidated financial statements are set out below.

3.5 Significant accounting policies

a) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group 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.

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

3.5 Significant accounting policies (Continued)

a) Revenue recognition (Continued)

Revenue from sale 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 Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from contract works
Revenue from contract works 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 consolidated profit or loss when they are incurred.

The normal credit terms are 30 to 45 days upon delivery or issue of invoice.

Revenue from operation and maintenance services
Revenue from operation and maintenance services is recognised over time when the relevant services are rendered. For fixed-price contracts, revenue recognised is based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer simultaneously receives and consumes the benefits provided by the Group. The payment is generally due within 90 days.

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

Warranties
Assurance-type warranties are warranties for general repairs of defects that existed at the time of sale and are accounted for under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Others
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- Government grant received as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognised as income in the period in which it is received.
- Other income is recognised when the underlying transaction is completed.

b) Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and any recognised impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

The residual values and useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

3.5 Significant accounting policies (Continued)

b) Property and equipment (Continued)

Land is not depreciated. Depreciation is charged on other assets so as to write off the cost over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Leasehold improvements	3 to 5 years
Furniture and fixtures	3 to 5 years
Motor vehicles	3 to 5 years
Office equipment	3 to 5 years
Machinery, tools and equipment	2 to 3 years
Right-of-use assets	1 to 2 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

c) Contract balances

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

Contract assets
The contract assets primarily relate to the Group'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 accounts receivable.

The contract assets are transferred to 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 Group 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 Group performs under the contract.

d) Intangible assets

Intangible assets of the Group comprise of certification and licenses arising on acquisition of subsidiaries (Note 11).

Intangible assets acquired in a business combination are their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives (certifications and licenses) are amortised over the useful economic life of 5-10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and any change in estimate is accounted for on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

e) 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.

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

3.5 Significant accounting policies (Continued)

f) Business combination

The acquisition method of accounting under IFRS 3 is used by the Group when it undertakes a business combination. The fair value of consideration transferred at the acquisition date includes the fair value of assets transferred, liabilities incurred by the owners and equity instruments issued by the Group. Consideration includes cash and contingent consideration.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, 'Financial Instruments', is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Acquisition related costs are expensed as incurred unless they relate to the issue of financial instruments in which case they are accounted for in accordance with accounting policies relating to that specific type of financial instrument. The fair value of assets acquired and liabilities assumed are recognised at the acquisition date. At the acquisition date any equity interest held prior to the acquisition date is recognised at fair value with a resulting gain or loss recognised in profit or loss. The Group has an option on a line by line basis on how to recognise non-controlling interest at the acquisition date either at fair value or proportionate share of net assets.

g) Accounting for business combinations involving entities or business under common control

Accounting for business combinations involving entities or businesses under common control is outside the scope of IFRS 3, 'Business Combinations'. In the case of an absence of specific guidance in IFRS, the management use their judgement in developing and applying an accounting policy that is relevant and reliable.

In making that judgement the management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS.

The management has adopted the pooling of interest method to account for the business combinations of entities under common control. This method involves the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No goodwill is recognised as a result of combination. The only goodwill that is recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid and the equity acquired is reflected directly in the equity as capital reserves.

(iii) The consolidated statement of comprehensive income reflects the results of the full year irrespective of when the combination took place.

h) Impairment of non-financial assets

At each reporting date, the Group 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 Group 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 (except for goodwill), 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.

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

3.5 Significant accounting policies (Continued)

i) 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

Accounts receivable are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group 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 or loss, 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); 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 Group'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.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group 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.

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

3.5 Significant accounting policies (Continued)

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

(ii) Classification and subsequent measurement (Continued)

Financial assets: Classification *(Continued)*

On initial recognition of an equity investment that is not held for trading, the Group 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 Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group's financial assets, which include accounts and other receivables and bank balances, are classified and subsequently measured at amortised cost.

Financial assets: Subsequent measurement and gains and losses
Financial 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 consolidated statement of comprehensive income. Any gain or loss on derecognition is recognised in the consolidated 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 consolidated 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 consolidated statement of comprehensive income. Any gain or loss on derecognition is also recognised in the consolidated statement of comprehensive income.

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

(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 Group 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 Group 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 Group 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 Group's continuing involvement in the asset.

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

3.5 Significant accounting policies (Continued)

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

(iii) Derecognition (Continued)

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 consolidated statement of comprehensive income.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group 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.

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

- Accounts receivable and contract assets; and
- Other financial assets measured at amortised cost.

In case of accounts receivable and contract assets, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. The Group performs individual assessment for its accounts receivable and contract assets based on historical credit loss experience, adjusted for forward-looking factors specific to the customers/debtors and the economic environment. 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 Group 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 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 consolidated statement of comprehensive income.

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

3.5 Significant accounting policies (Continued)

k) Employees' terminal benefits

Provision is made for employees' terminal benefits which is a defined benefit plan on the basis prescribed under the 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 Group has no expectation of settling its employees' terminal benefits obligation in the near future.

l) 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 Group.

m) Foreign currencies

Functional and presentation currency
The consolidated financial statements are presented in Arab Emirates Dirham (AED), which is the Group's presentation currency. The functional currency of the Parent Company is USD and each subsidiary determines its functional currency and items included in the financial statements of each entity are measured using the functional currency.

Transactions and balances
Transactions in currencies other than the functional currency 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 consolidated 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 Group 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 Group determines the transaction date for each payment or receipt of advance consideration.

Translation of the financial statements of foreign subsidiaries
The Group's presentation currency is AED. The financial statements of foreign subsidiaries are translated into AED using exchange rates in effect at period end for assets and liabilities and average exchange rates during the reporting period for results of operations. Adjustments, resulting from translation of financial statements are reflected as a separate component of shareholder's equity in a foreign currency translation reserve.

n) Cash and cash equivalents

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

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

3.5 Significant accounting policies (Continued)

o) Operating leases

At the inception of the contract, the Group 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 Group 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 Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset, i.e., the Group 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 Group has the right to direct the use of the asset if either:

  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used

As a Lessee

The Group recognises right-of-use assets and lease liabilities at the lease commencement date.

Right-of-use assets

The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities 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 assets are 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 life of right-of-use asset is determined on the same basis as those of property and equipment (Note 3.5 b)). In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Lease liabilities

Lease liabilities are 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 leases or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

At the commencement date, the lease payments included in the measurement of the lease liabilities comprise fixed payments for the right to use the underlying asset during the lease term that are not paid at the commencement date.

The lease liabilities are measured at amortised cost using the effective interest method. They are remeasured when there is a change in future lease payments arising from a change in fixed payments or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

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

3.5 Significant accounting policies (Continued)

o) Operating leases (Continued)

As a Lessee (Continued)

Extension and termination options

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

Short-term leases

The Group 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 Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease if both of the following conditions exist:

– the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

– the consideration for the lease increases by an amount equivalent to the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification that is not a separate lease, at the effective date of the modification the Group accounts for it by remeasuring the lease liability using a discount rate determined at that date and:

– for modifications that decrease the scope of the lease: decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognising a gain or loss that reflects the proportionate decrease in scope; and

– for all other modifications: making a corresponding adjustment to the right-of-use asset.

p) Taxation

Income tax comprises current and deferred tax. It is recognised in the consolidated statement of comprehensive income except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using applicable tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

3.5 Significant accounting policies (Continued)

p) Taxation (Continued)

Deferred tax (Continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

q) 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 Group. 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.

3.6 Significant accounting judgement, estimates and assumptions

The preparation of consolidated 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 significant management judgements and key assumptions 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 judgements:

Satisfaction of performance obligation
The Group 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 Group's revenue from contracts with customers, the satisfaction of performance obligation are determined as follows:

a) Revenue from sale of goods – revenue is recognised at the point in time when control is transferred to the customer, normally upon delivery of the goods.

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

3.6 Significant accounting judgement, estimates and assumptions (Continued)

IFRS 15, 'Revenue from contracts with customers' (Continued)

Satisfaction of performance obligation (Continued)

b) Revenue from contract works – revenue is recognised over time as the Group creates/enhances an asset the customer controls as the asset is being created.

c) Revenue from operation and maintenance services – revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group.

Determination of transaction prices
The Group is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties (including liquidated damages arising from delays caused in the completion of a contract), variations, claims, the existence of any significant financing component in the contract and any non-cash consideration in the contract. In estimating variable consideration, the Group is required to use either the (1) expected value method or (2) the most likely method, based on which method better predicts the amount of consideration to which it will be entitled.

Before any variable consideration is included in the transaction price, the Group's management considers whether the amount of variable consideration is constrained based on its historical experience, business forecast and the current economic conditions.

Allocation of transaction price to performance obligation in contracts with customers
The Group has elected to apply the input method in allocating the transaction price to performance obligations relating to revenue from contracts. The Group considers that the use of input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the Group 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. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates is recognised in the consolidated financial statements for the period in which such changes are determined.

Impairment of financial assets

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

Accounts receivable and contract assets
The Group reviews its accounts receivable and contract assets to assess impairment at regular intervals. In determining whether impairment losses should be reported in the consolidated statement of comprehensive income, the Group makes judgements 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.

Other financial assets at amortised cost
Expected credit loss (ECL) on other financial assets at amortised cost are measured at an allowance equal to 12-month ECL where the credit risk has not increased significantly since initial recognition, or lifetime ECL when the credit risk has increased significantly since initial recognition. In assessing whether the credit risk has increased significantly, the Group takes into account quantitative and qualitative reasonable and supportable forward-looking information.

Cash and cash equivalents
Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. While cash and cash equivalents are also subject to impairment, the identified impairment loss is considered immaterial.

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

3.6 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 22.

Impairment of property and equipment and intangible assets

A decline in the value of property and equipment and intangible assets could have a significant effect on the amounts recognised in the consolidated financial statements. Management assesses the impairment of property and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments
- evidence from internal reporting which indicates that the economic performance of the asset is, or will worse than expected

Useful lives of property and equipment and intangible assets

The Group's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Deferred tax asset

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary difference, to the extent that it is possible that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 Group 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.

Use of incremental rate of borrowing

For measuring the lease liabilities, the Group discounted the lease payments based on its incremental rate of borrowing. The definition of incremental borrowing rate states that the rate should reflect what the Group would be charged to borrow over a similar term and under similar circumstances. To determine an appropriate rate, the Group has obtained the relevant information from its bankers.

4. Revenue from contracts with customers

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

a) Type of goods or services

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from contract works	**264,792,834**	1,065,537,004
Sale of goods	**258,879,533**	409,825,095
Revenue from operation and maintenance services	**11,907,975**	22,171,665
	535,580,342	1,497,533,764

b) Timing of satisfaction of performance obligation

	Year ended 31 March 2023	Year ended 31 March 2022
Goods and services transferred over time	**276,700,809**	1,087,708,669
Goods transferred at point in time	**258,879,533**	409,825,095
	535,580,342	1,497,533,764

At the reporting date, the aggregate amount of the transaction price allocated to the remaining performance obligations that are unsatisfied or partially satisfied which includes the expected revenue to be recognised in the future are expected to be completed within one year, hence the Group has used the practical expedient not to disclose the amount of the remaining performance obligations for contracts with an original term or duration of less than one year.

c) Geographical locations

	Year ended 31 March 2023	Year ended 31 March 2022
India	**258,879,533**	85,256,988
United States	**206,112,906**	542,252,128
Australia	**60,700,390**	846,480,785
Middle East and North Africa	**3,763,008**	16,790,950
Rest of Africa	**6,124,505**	6,752,913
	535,580,342	1,497,533,764

d) Customer relationship

	Year ended 31 March 2023	Year ended 31 March 2022
Related party customers (Note 25)	**297,671,667**	732,468,398
Third party customers	**237,908,675**	765,065,366
	535,580,342	1,497,533,764

5. Direct costs

	Year ended 31 March 2023	Year ended 31 March 2022
Material purchases	**400,318,177**	910,842,373
Contract costs	**284,619,651**	631,377,508
Provision (reversal of provision) for foreseeable losses	**51,670,158**	(4,390,765)
Direct staffing costs	**42,902,212**	61,768,352
Bank charges	**10,566,379**	13,979,082
Legal and professional fees	**7,274,468**	7,707,349
Traveling and conveyance	**7,265,774**	11,359,747
Utilities	**7,450,945**	4,321,671
Short-term leases (Note 21)	**6,996,441**	5,231,344
Repairs and maintenance – others	**5,815,020**	17,400,999
Liquidated damages (See note below)	**4,725,000**	49,035,749
Stores and spare parts consumed	**4,391,314**	2,003,632
Security charges	**3,845,252**	3,261,976
Insurance costs	**1,251,586**	2,569,130
Others	**12,051,754**	9,407,006
	851,144,131	1,725,875,153

5. Direct costs (Continued)

Pursuant to an agreement dated 31 December 2021, the Ultimate Parent Company has recharged liquidated damages amounting to AED 4,725,000 (2022: AED 49,035,749) levied by its customer in relation to a project for which the Parent Company and its subsidiary had rendered their services as subcontractors (Note 25).

6. Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Interest income on loan to a related party (Note 25)	**--**	10,323,756
Reversal of liabilities no longer considered payable	**--**	4,569,534
Government grant (See note below)	**--**	5,775,549
Interest income (others)	**--**	878,952
Profit on sale of property and equipment	**--**	496,722
Interest income on short-term deposits	**275,278**	154,418
Scrap sales	**151,523**	7,186
Others	**73,412**	306,373
	500,213	22,512,490

Government grant related to financial support received from the government by a subsidiary in USA as a Covid-19 relief in accordance with the paycheck protection program to maintain the payroll, hire back employees and cover the overheads.

7. General and administration expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and employee related costs	**48,339,117**	50,878,695
Loss on foreign currency exchange	**8,868,807**	1,122,790
Legal and professional fees	**8,322,657**	7,561,807
Bank charges	**6,471,906**	6,650,348
Insurance	**4,338,971**	3,817,354
Travelling and conveyance	**3,729,231**	4,308,071
Depreciation (Note 10)	**3,634,224**	3,243,931
Short-term leases (Note 21)	**640,913**	927,206
Communication	**569,661**	722,603
Printing and stationery	**203,179**	171,003
Amortisation of intangible assets (Note 11)	**59,056**	59,056
Loss on sale of property and equipment	**30,343**	--
Management support fee (Note 25)	**--**	200,773
Others	**3,376,692**	3,726,395
	88,584,757	83,390,032

8. Finance charges

	Year ended 31 March 2023	Year ended 31 March 2022
Interest expense – shareholder (Notes 19 and 25)	**34,519,802**	22,770,977
Interest expense – term loan and bank borrowings	**1,244,133**	1,280,075
Interest expenses – related parties (Note 25)	**425,383**	--
Interest expense (others)	**423,851**	877,973
Interest on lease liabilities (Note 21)	**101,774**	126,715
	36,714,943	25,055,740

9. Taxation

The Parent Company is not subject to income tax in its country of incorporation. The income tax charge relates to the overseas taxes where the Group has its operations. Details of provision for tax are as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Reversal for provision for income tax no longer considered to be payable (See note below)	**(4,725,000)**	--
Current tax expense	**306,362**	114,934
Deferred tax (income)/expense	**(206,542)**	22,728,290
Tax (income)/expense	**(4,625,180)**	22,843,224

In the previous years, the Group had received additional tax demand amounting to AED 20,188,000 with respect to a subsidiary. The Group has filed an appeal against the tax demand. In the previous year, management had created a provision of AED 4,725,000 based on the management's assessment. However, during the year, the management has reversed the above provision in accordance with the terms of the indemnity agreement with the Ultimate Parent Company. Refer Note 27 e).

Deferred tax asset movement during the year is as follows:

	2023	2022
Balance at the beginning of the year	**2,756,018**	25,200,907
Deferred tax (expense)/income:		
Increase/(decrease) in tax loss available for set off against future taxable income	**178,755**	(18,992,186)
Deductible temporary difference movement on leave pay accrual	**(5,545)**	2,975
Taxable difference on prepayments	**(10,020)**	(3,643)
Temporary difference on income in advance	**43,352**	(118,791)
Financial assets not recoverable	**--**	892
Temporary difference on impairment losses on financial assets	**--**	(3,617,537)
Total deferred tax income/(expense):	**206,542**	(22,728,290)
Translation adjustment	**(456,542)**	283,401
Balance at the end of the year	**2,506,018**	2,756,018

The Group has unused tax losses amounting to AED 700,363,179 (2022: AED 361,519,195) which is available for set off against future taxable income but is not recognised as part of deferred tax assets because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

Income tax receivable at the reporting date is as follows:

	2023	2022
At the beginning of the year	**954,083**	439,571
Excess tax payment	**--**	473,056
Translation adjustment	**(186,375)**	41,456
At the end of the year	**767,708**	954,083

10. Property and equipment

2023	Land	Leasehold improvements	Furniture and fixtures	Motor vehicles	Office equipment	Machinery, tools and equipment	Right-of-use assets	Total
Cost								
At 1 April 2022	**75,400**	**1,933,423**	**457,207**	**94,013**	**4,588,002**	**3,958,307**	**6,048,323**	**17,154,675**
Additions during the year	**--**	**--**	**--**	**--**	**225,977**	**1,037,795**	**163,943**	**1,427,715**
Effect of modification during the year (Note 21)	**--**	**--**	**--**	**--**	**--**	**--**	**635,663**	**635,663**
Disposals during the year	**--**	**--**	**--**	**--**	**(16,819)**	**(68,963)**	**(390,601)**	**(476,383)**
Translation adjustment	**4,500**	**--**	**(6,046)**	**(4,691)**	**(226,217)**	**(383,716)**	**(93,365)**	**(709,535)**
At 31 March 2023	**79,900**	**1,933,423**	**451,161**	**89,322**	**4,570,943**	**4,543,423**	**6,363,963**	**18,032,135**
Accumulated depreciation								
At 1 April 2022	**--**	**1,871,054**	**322,151**	**82,594**	**3,493,625**	**1,389,245**	**3,875,944**	**11,034,613**
Charge for the year	**--**	**62,199**	**61,968**	**4,334**	**604,956**	**1,420,543**	**1,480,224**	**3,634,224**
Relating to disposals	**--**	**--**	**--**	**--**	**(15,752)**	**(34,794)**	**(390,601)**	**(441,147)**
Translation adjustment	**--**	**--**	**(2,036)**	**(2,930)**	**(139,387)**	**(131,981)**	**(38,221)**	**(314,555)**
At 31 March 2023	**--**	**1,933,253**	**382,083**	**83,998**	**3,943,442**	**2,643,013**	**4,927,346**	**13,913,135**
Net book value								
At 31 March 2023	**79,900**	**170**	**69,078**	**5,324**	**627,501**	**1,900,410**	**1,436,617**	**4,119,000**

10. Property and equipment (Continued)

2022	Land	Leasehold improvements	Furniture and fixtures	Motor vehicles	Office equipment	Machinery, tools and equipment	Right-of-use assets	Total
Cost								
At 1 April 2021	82,700	1,933,423	416,060	85,237	7,165,428	1,353,176	4,514,638	15,550,662
Additions during the year	--	--	46,306	7,604	670,431	2,565,683	919,838	4,209,862
Effect of modification during the year (Note 21)	--	--	--	--	--	--	602,022	602,022
Disposals during the year	--	--	--	--	(3,288,827)	--	--	(3,288,827)
Translation adjustment	(7,300)	--	(5,159)	1,172	40,970	39,448	11,825	80,956
At 31 March 2022	75,400	1,933,423	457,207	94,013	4,588,002	3,958,307	6,048,323	17,154,675
Accumulated depreciation								
At 1 April 2021	--	1,705,255	269,559	73,845	4,979,016	470,580	2,533,469	10,031,724
Charge for the year	--	165,799	54,700	8,124	766,794	909,900	1,338,614	3,243,931
Relating to disposals	--	--	--	--	(2,270,642)	--	--	(2,270,642)
Translation adjustment	--	--	(2,108)	625	18,457	8,765	3,861	29,600
At 31 March 2022	--	1,871,054	322,151	82,594	3,493,625	1,389,245	3,875,944	11,034,613
Net book value								
At 31 March 2022	75,400	62,369	135,056	11,419	1,094,377	2,569,062	2,172,379	6,120,062

a) Leasehold improvements relate to enhancements of the Group's office premises under lease. These assets are depreciated over their useful lives since the management anticipates that the lease will continue to be renewed for the foreseeable future.

b) Right-of-use assets represent office spaces taken on non-cancellable operating lease (Note 3.5 o)) with lease terms between 1 to 3 years. The right of use assets is adjusted for the effect of modification in the lease payments (Note 21).

11. Intangible assets (Certification and licenses)

	2023	2022
Cost		
At 1 April	**403,557**	403,557
At 31 March	**403,557**	403,557
Accumulated amortisation		
At 1 April	**193,408**	134,352
Charge for the year (Note 7)	**59,056**	59,056
At 31 March	**252,464**	193,408
Net book value		
At 31 March	**151,093**	210,149

12. Capital work-in-progress

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

	2023	2022
At the beginning of the year	**35,627**	32,176
Additions during the year	**--**	6,597
Translation adjustment	**2,127**	(3,146)
At the end of the year	**37,754**	35,627

13. Contract assets

Contract assets represent unbilled receivables on revenue recognised during the year, which upon invoicing will be transferred to accounts receivable.

	2023	2022
At the beginning of the year	**193,715,766**	75,611,930
Add: Additions during the year	**38,852,912**	521,410,930
Less: Revenue recognised during the year	**(164,356,615)**	(403,307,094)
At the end of the year	**68,212,063**	193,715,766

The majority of the balance as of the reporting date represents the unbilled receivables of the Group from its Solar EPC projects.

14. Accounts and other receivables

	2023	2022
Accounts receivable		
− third parties	**73,181,374**	44,350,984
− related parties	**53,234,541**	536,554,490
Due from related parties	**12,083,947**	12,215,480
Deposits and prepayments	**12,776,627**	15,845,967
Advances to suppliers/contractors	**4,983,234**	26,501,841
Other receivables	**272,958,009**	58,234,839
	429,217,732	693,703,601
Less: Allowance for expected credit losses (Note 26.1 c))	**--**	(1,692,485)
	429,217,732	692,011,116

a) Accounts receivable of certain Group units are subject to a charge for facilities granted to the Group (Note 23).

b) The Group's risk exposure and expected credit losses on accounts receivable, due from related parties and other receivables are disclosed in Note 26.1 c).

c) Unimpaired receivables, due from related parties and other receivables are considered collectible based on historic experience.

14. Accounts and other receivables (Continued)

d) Other receivables include:

i) Costs incurred in relation to additional works undertaken by the Group to compensate a customer for deficiencies in the products supplied under the terms of the contract with a customer. The Group has incurred total cost of AED 51.20 million (2022: AED 51.02 million) for the supply and installation of additional works. The management is of the view that the Group, under the terms of the Supply Agreement with its supplier has reasonable grounds to claim against the supplier for the costs incurred 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 is fully recoverable.

The Group has also filed the request for arbitration with International Chamber of Commerce, London a claim for recovery of USD 363.27 million (inclusive of the above incurred cost) as per the Supply Agreement between the Parent Company and its supplier for failure to rectify the deficiencies in the products supplied by the supplier.

ii) Cost incurred amounting to AED 205.91 million towards the cost to complete the subcontractor's scope of work of a subsidiary (See Note 27 d)).

iii) Cost incurred amounting to AED 9.72 million towards cost of remediation works undertaken by a subsidiary due to defective parts supplied by a supplier. The subsidiary has made a claim of AED 35.62 million towards the expected remediation costs, liquidated damages due as per supply agreement and back charge of liquidated damages from the customer and holds the supplier's surety bond of value AED 5.66 million. The management is confident that the amount is fully recoverable.

15. Bank and cash balances

	2023	2022
Cash on hand	**17,157**	296
Bank current accounts	**10,376,692**	44,880,594
Margin money deposits	**5,308,402**	5,314,978
Bank and cash balances	**15,702,251**	50,195,868
Less: Margin money deposits under lien	**(5,308,402)**	(5,314,978)
Cash and cash equivalents in the consolidated statement of cash flows	**10,393,849**	44,880,890

Margin money deposits are subject to a charge for the facilities granted to the Group (Note 23).

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

2023	**1 April 2022**	**Other non-cash changes**	**Financing cash flows**	**31 March 2023**
Bank borrowings	39,852,333	--	38,380,764	**78,233,097**
Lease liabilities	2,462,230	823,323	(1,698,758)	**1,586,795**
	42,314,563	823,323	36,682,006	**79,819,892**

2022	1 April 2021	Other non-cash changes	Financing cash flows	31 March 2022
Bank borrowings	34,452,094	--	5,400,239	39,852,333
Term loan	21,919,426	--	(21,919,426)	--
Lease liabilities	2,104,293	1,639,881	(1,281,944)	2,462,230
	58,475,813	1,639,881	(17,801,131)	42,314,563

16. Share capital

	2023	2022
Authorised, issued and fully paid:		
184,600 shares of AED 1,000 each	**184,600,000**	184,600,000
	184,600,000	184,600,000

17. Legal reserve

As required by the UAE Federal Decree-Law No. 32 of 2021 relating to commercial companies in the UAE, 5% of the profit for the year relating to a subsidiary registered in UAE is to be transferred to a legal reserve. Since the balance in legal reserve is 50% of the share capital of the subsidiary, the minimum prescribed by the aforesaid Law, the shareholder has resolved to suspend further transfers. The reserve is not available for distribution, except as stipulated in the said Law.

18. Capital reserve

Capital reserve represents excess of purchase consideration paid over net book value of assets acquired for acquisition of Sterling and Wilson Middle East Solar Energy L.L.C, which was under common control of the ultimate shareholder of the Group before and after the transaction.

19. Shareholder's loan

Shareholder's loan is unsecured, carries interest at 9.5% (2022: 8%) per annum, without defined repayment arrangements and is repayable only at the option of the Group.

20. Non-controlling interests

2023	Sterling and Wilson Engineering (Pty) Ltd., South Africa	Sterling and Wilson Solar Spain S.L, Spain	Total
Non-controlling interests	**40%**	**1%**	**--**
Attributable to non-controlling interests:			
Loss for the year	**(225,456)**	**--**	**(225,456)**
Total comprehensive loss for the year	**402,982**	**--**	**402,982**
Accumulated non-controlling interests	**(2,689,169)**	**180**	**(2,688,989)**

Summarised financial information of the above subsidiaries is as follows:

	Sterling and Wilson Engineering (Pty) Ltd., South Africa	Sterling and Wilson Solar Spain S.L, Spain	Total
Non-current assets	**1,946,971**	**--**	**1,946,971**
Current assets	**6,431,530**	**--**	**6,431,530**
Total assets	**8,378,501**	**--**	**8,378,501**
Current liabilities	**15,101,424**	**--**	**15,101,424**
Total liabilities	**15,101,424**	**--**	**15,101,424**
Net liabilities	**(6,722,923)**	**--**	**(6,722,923)**
Revenue	**6,124,505**	**--**	**6,124,505**
Loss for the year	**(563,641)**	**--**	**(563,641)**
Total comprehensive income for the year	**1,007,455**	**--**	**1,007,455**

Summarised cash flow information:

Operating activities	**4,600,891**	**--**	**4,600,891**
Financing activities	**(6,908,334)**	**--**	**(6,908,334)**
Net increase in cash and cash equivalents	**(2,307,443)**	**--**	**(2,307,443)**

20. Non-controlling interests (Continued)

2022	Sterling and Wilson Engineering (Pty) Ltd., South Africa	Sterling and Wilson Solar Spain S.L Spain	Total
Non-controlling interests	40%	1%	--
Attributable to non-controlling interests:			
Loss for the year	(1,639,601)	--	(1,639,601)
Total comprehensive loss for the year	(1,770,760)	--	(1,770,760)
Accumulated non-controlling interests	(3,092,151)	180	(3,091,971)

Summarised financial information of the above subsidiaries is as follows:

2022	Sterling and Wilson Engineering (Pty) Ltd., South Africa	Sterling and Wilson Solar Spain S.L, Spain	Total
Non-current assets	2,229,246	--	2,229,246
Current assets	12,411,301	--	12,411,301
Total assets	14,640,547	--	14,640,547
Current liabilities	22,370,925	--	22,370,925
Total liabilities	22,370,925	--	22,370,925
Net liabilities	(7,730,378)	--	(7,730,378)
Revenue	6,752,913	--	6,752,913
Loss for the year	(4,099,002)	--	(4,099,002)
Total comprehensive loss for the year	(4,426,900)	--	(4,426,900)
Summarised cash flow information:			
Operating activities	3,562,171	--	3,562,171
Investing activities	1,649,583	--	1,649,583
Financing activities	(1,683,133)	--	(1,683,133)
Net increase in cash and cash equivalents	3,528,621	--	3,528,621

21. Lease liabilities

Lease liabilities represents the discounted value of future lease payments for the lease of office premises.

The movements of lease liabilities at the end of each reporting period are as follows:

	2023	2022
Balance at the beginning of the year	**2,462,230**	2,104,293
Add: Movement in lease liabilities arising from modification (See note below)	**635,663**	602,022
Add: Additions during the year	**163,943**	919,838
Add: Interest on lease liabilities	**101,774**	126,715
Translation adjustment	**(78,057)**	(8,694)
Less: Lease liabilities and interest paid	**(1,698,758)**	(1,281,944)
Balance at the end of the year	**1,586,795**	2,462,230
Less: current portion of the lease liabilities	**(1,156,113)**	(1,306,724)
Non-current portion of the lease liabilities	**430,682**	1,155,506

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 consolidated statement of comprehensive income.

21. Lease liabilities (Continued)

The Group renewed the existing lease agreements extending the contractual lease term with change in consideration during the year. The Group has thus remeasured the lease liabilities using the revised lease payments and the revised discount rate at the effective date of modification, resulting in an increase in lease liabilities of AED 635,663 (2022: AED 602,022), which has been adjusted with the right-of-use assets (Note 10).

Amounts recognised in the consolidated statement of comprehensive income

	Year ended 31 March 2023	Year ended 31 March 2022
Short-term leases:		
- included under direct costs (Note 5)	**6,996,441**	5,231,344
- included under general and administration expenses (Note 7)	**640,913**	927,206
Interest on lease liabilities (Note 8)	**101,774**	126,715

Amount recognised in the consolidated statement of cash flows

	Year ended 31 March 2023	Year ended 31 March 2022
Payment of lease liabilities and interest	**1,698,758**	1,281,944

22. 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 respective countries in which the Group operates. 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.

The movements on the provision recognised in the consolidated statement of financial position are as follows:

	2023	2022
Balance at the beginning of the year	**2,448,420**	2,824,940
Current service costs, past service cost and interest	**871,194**	1,011,752
Actuarial (gains)/losses recognised in other comprehensive income:		
- changes in financial assumptions	**(553,344)**	34,740
- experience adjustments	**(72,285)**	(504,424)
Payments during the year	**(296,918)**	(918,588)
Balance at the end of the year	**2,397,067**	2,448,420

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

	2023	2022
Amounts payable within 12 months	**70,726**	71,479
Amounts payable after 12 months	**2,326,341**	2,376,941
	2,397,067	2,448,420

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

	2023	2022
Discount rate	**4.80%**	3.20%
Salary escalation	**5.00%**	5.00%
Employee turnover rate	**2.0% to 3.60%**	2.0% to 3.60%

22. Employees' terminal benefits (Continued)

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

	2023	2022
Discount rate + 100 basis points	**(272,397)**	(317,744)
Discount rate - 100 basis points	**326,258**	389,890
Salary escalation rate + 100 basis points	**322,214**	378,502
Salary escalation rate - 100 basis points	**(274,307)**	(315,527)
Employee turnover + 100 basis points	**(5,351)**	(55,598)
Employee turnover - 100 basis points	**6,151**	65,521

23. Bank borrowings

	2023	2022
Trust receipts	**75,239,470**	37,030,273
Bank overdraft	**2,993,627**	2,822,060
	78,233,097	39,852,333

Trust receipts are availed from a commercial bank by the Group. These carry interest at 250 BPS over 3-month LIBOR (2022: 250 BPS over 3-month LIBOR) and are secured by lien over margin money deposits amounting to 2% of the facility sanctioned (Note 15) and by charge over assignment of receivables of certain Group units (Note 14) and corporate guarantee of the Ultimate Parent Company.

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 plus 3% per annum (2022: 1-month EIBOR + 3% per annum) and is secured by charge over all movable assets, assignment of receivables of certain Group units (Note 14) and corporate guarantee of the Ultimate Parent Company.

24. Accounts and other payables

	2023	2022
Trade accounts payable (including retentions payable):		
- third parties	**130,040,744**	483,344,921
- related parties	**83,193**	1,016,916
Due to related parties (funding)	**89,731,608**	344,627,506
Contract liabilities (advances from customers)		
- third parties	**38,572,497**	26,052,816
- related parties	**12,037,089**	13,755,647
Provision for foreseeable losses	**57,150,963**	10,420,477
Accrued expenses and other payables	**12,842,501**	12,189,343
Provision for product warranty	**954,720**	904,574
	341,413,315	892,312,200

Due to related parties include an amount of AED 75,551,004 (2022: AED 237,104,013) due to the Ultimate Parent Company which carries interest at 9.5% (2022: 8%) per annum and is payable on demand.

25. Related party transactions

The Group has entered into both funding and other transactions with related parties during the year. Related parties represent shareholder and key management personnel of the Group 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 2023**	Year ended 31 March 2022
Revenue from contracts (Note 4 d))	Ultimate Parent Company	**297,659,237**	726,398,415
	Other related parties	**12,430**	6,069,983
		297,671,667	732,468,398
Interest income on loan (Note 6)	Other related parties	**--**	10,323,756

25. Related party transactions (Continued)

	Relationship	**Year ended 31 March 2023**	Year ended 31 March 2022
Interest expense (Note 8)	Ultimate Parent Company	**34,519,802**	22,770,977
	Other related parties	**425,383**	--
		34,945,185	22,770,977
Liquidated damages (Note 5)	Ultimate Parent Company	**4,725,000**	49,035,749
Management support fee (Note 7)	Shareholder of Ultimate Parent Company	**--**	200,773
Reimbursement of expenses	Ultimate Parent Company	**10,172,463**	12,091,759
	Other related parties	**--**	29,739
		10,172,463	12,121,498
Share in rent expense	Other related parties	**70,610**	70,610
IT services	Other related parties	**10,504**	--

Except for amount due to the Ultimate Parent Company (Note 24), the amounts due from/to other related parties do not attract interest and are receivable/payable on demand.

Key management compensation	**Year ended 31 March 2023**	Year ended 31 March 2022
Salaries and other allowances	**4,224,000**	4,340,531

26. Financial risk and capital management

26.1 Financial risk factors

The Group's financial instruments consist mainly of accounts and other receivables, bank and cash balances, accounts and other payables, lease liabilities and bank borrowings. The management believes that the fair values of the financial assets and liabilities approximate to their carrying amounts.

The Group's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance. Under the Group'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 year ended 31 March 2023 and 31 March 2022. The identified key risks are:

a) Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of the Group companies are primarily USD. The currencies in which these transactions are primarily denominated are Euro, USD and Australian Dollar (AUD).

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

	2023 AED	2022 AED
Euro	**4,562,493**	24,031,320
AUD	**129,506**	14,280,644
USD	**100,710**	341,402
Others	**416,005**	869,881

26. Financial risk and capital management (Continued)

26.1 Financial risk factors (Continued)

a) Currency risk (Continued)

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 Group's loss is due to changes in the fair value of monetary assets and liabilities.

	2023	2022
Change in currency rate by 5% (+/-)	Effect on loss (+/-)	Effect on loss (+/-)
Currency		
EUR	**228,125**	1,201,566
AUD	**6,475**	714,032
USD	**5,035**	17,070
Others	**20,800**	43,494

b) Interest rate risk

The Group's interest rate risk arises from bank borrowings. 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) loss as follows:

	2023	2022
Change in interest rate (+/-)	Effect on loss (+/-)	Effect on loss (+/-)
1%	**29,936**	28,221

c) Credit risk

The Group is potentially exposed to concentration of credit risk from its contract assets and financial assets which comprise principally of bank balances and deposits, accounts receivable, due from related parties and other receivables.

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

Accounts receivable, contract assets, due from related parties and other receivables
The credit risk on accounts receivable, contract assets, due from related parties and other receivables are subjected to credit evaluations. Outstanding amounts are regularly monitored and allowance will be made for expected credit losses.

The Group is exposed to a significant concentration of credit risk. At the reporting date, 95% of accounts receivable from third parties is due from 3 parties (2022: 94% from 2 parties), 90% of accounts receivable from related parties is due from 2 parties (2022: 99% from 3 parties) and 98% of the amounts due from related parties is due from 2 parties (2022: 73% from a single party).

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

26. Financial risk and capital management (Continued)

26.1 Financial risk factors (Continued)

c) Credit risk (Continued)

Impairment of financial assets and contract assets
The Group's accounts receivable and contract assets are subject to the expected credit loss model.

While bank balances and deposits and other financial assets at amortised cost are also subject to impairment, the identified impairment loss is considered immaterial.

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

	Year ended 31 March 2023	Year ended 31 March 2022
Impairment losses on accounts receivable	**2,585,806**	1,032,021
	2,585,806	1,032,021

Reconciliation of the closing loss allowances for accounts receivable as at 31 March 2023 to the opening loss allowances are as follows:

	2023	2022
Balance at the beginning of the year	**1,692,485**	9,823,742
Increase in loss allowance during the year	**2,585,806**	1,032,021
Amounts written off during the year	**(4,278,291)**	(9,163,278)
Balance at the end of the year	**--**	1,692,485

The above loss allowance recognised by the Group represents lifetime expected credit losses for specific credit-impaired receivables. Except for the expected credit losses for specific credit impaired receivables, the identified expected credit loss on other accounts receivable and contract assets is considered immaterial.

Accounts receivable and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, failure to agree in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 365 days past due. Impairment losses on accounts receivable and contract assets are presented as net impairment losses in the consolidated statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same account.

d) Liquidity risk

The Group manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Group 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 Group's undiscounted financial liabilities based on contractual payment dates:

2023	On demand	0 to 1 year	1 to 2 years	2 to 5 years	Total
Accounts and other payables	**89,731,608**	**142,966,438**	**--**	**--**	**232,698,046**
Bank borrowings	**--**	**79,749,785**	**--**	**--**	**79,749,785**
Lease liabilities	**--**	**1,206,293**	**437,054**	**--**	**1,643,347**
Total	**89,731,608**	**223,922,516**	**437,054**	**--**	**314,091,178**

26. Financial risk and capital management (Continued)

26.1 Financial risk factors (Continued)

d) Liquidity risk (Continued)

2022	On demand	0 to 1 year	1 to 2 years	2 to 5 years	Total
Accounts and other payables	344,627,506	496,551,180	--	--	841,178,686
Bank borrowings	--	41,394,724	--	--	41,394,724
Lease liabilities	--	1,399,160	825,712	376,403	2,601,275
Total	344,627,506	539,345,064	825,712	376,403	885,174,685

As As at 31 March 2023, the Group has not achieved a covenant relating to a leverage ratio with respect to a facility agreement with a lender. However, the lender has renewed the facility agreement prior to the reporting date (in January 2023) and the borrowing arrangements were still in effect as of the reporting date.

26.2 Capital management

The Group'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 and services commensurately with the level of risk.

The Group sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Group 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 Group may adjust the amount of dividends paid to the shareholder, return funds to the shareholder, issue new shares, or sell assets to reduce its exposure to debt. Capital comprises share capital, legal reserve, capital reserve, foreign currency translation reserve and accumulated losses and is measured at a deficiency of assets of AED 462,797,998 as on 31 March 2023 (2022: AED 46,472,039).

27. Contingent liabilities

a) The Group has received intimation for liquidated damages from one of its customers in a particular geography for an amount of approximately AED 40.49 million. The Group has sent its responses refuting such liquidated damages and has sought extension of time due to various circumstances (including but not limited to the impact of the COVID-19 pandemic). Contractual documentation is being exchanged and based on management's best estimate, no provision for liquidated damages is required to be made as per e) below.

b) The Group has received intimation for liquidated damages from two customers in a particular geography for an amount of approximately AED 86.66 million. The Group has sent its responses to the said customers refuting such liquidated damages and has sought extension of time as per the contract. Further, The Group intends to pass on the liquidated damages relating to one such customer to a subcontractor to the extent the delays leading to the liquidated damages are attributable to subcontractor's delays and default of its obligations under the contract (refer d) below for claim against subcontractor). Based on management's best estimate, no provision for liquidated damages is required to be made as per e) below.

c) During the year 2021, a significant subcontractor in a particular geography filed for bankruptcy. The subcontractor has lodged a claim on the Group for approximately AED 34.88 million which has been refuted by the management. The Group has made a counter claim on the subcontractor for an amount of AED 77.02 million for noncompliance with contractual obligations. In the opinion of the management, the subcontractor's claim is not tenable and accordingly, based on management's best estimate, no provision is required to be made for the same.

d) A subsidiary has terminated the contract with a significant subcontractor in a particular geography for delays and default of its obligations under the contract. The subsidiary has filed a legal suit to claim the surety bond value of AED 113.37 million, which is submitted by the subcontractor for performance of works. The expected increase in cost to complete the subcontractor's scope of work amounts to AED 205.91 million. As at 31 March 2023, AED 205.91 million has been incurred by the Group towards cost to complete the sub contractor's scope of work (see Note 14 d(ii)).

27. Contingent liabilities (Continued)

The subcontractor has filed a lien on the project seeking a counter claim on the Group for approximately AED 70.50 million which has been refuted by the management. The Group has submitted the bonds amounting to AED 105.75 million to the County Court in Washington and this lien has been released.

In the opinion of the management, supported by the conclusion memorandum issued by the external legal firm, the Group is confident of recovering the additional costs amounting to AED 205.91 million incurred to complete the subcontractor's scope of work as at 31 March 2023, which has been recognised by the Group as recoverable from the subcontractor (see Note 14 d(ii)). In addition, the Group is also confident of the subcontractor's counter claim being not tenable.

e) During the year ended 31 March 2022, the Ultimate Parent Company had signed agreements ("master agreement") with Shapoorji Pallonji & Company Pvt. Ltd., Khurshed Y. Daruvala (jointly the "Promoter Selling Shareholder") and Reliance New Energy Limited pursuant to which the Promoter Selling Shareholders will indemnify and re-imburse the Ultimate Parent Company and its subsidiaries/branches for a net amount, if it exceeds INR 300 crore (equivalent to approximately AED 148.20 million) ("the threshold"), on settlement of liquidated damages on certain past and existing projects, old receivables, direct and indirect tax litigations as well as certain legal and regulatory matters. These amounts would be settled on 30 September of each year on the basis of the final settlement amounts with customers/other authorities. The Promoter Selling Shareholders are consequently entitled to net off the amounts payable against any claims levied by the Ultimate Parent Company and its subsidiaries/branches on its vendors and recovered by it.

In line with the terms of the master agreement, the Parent Company has determined the crystallized claim to be levied on the Ultimate Parent Company for the period ended on 30 September 2022, which has been settled against the amount due to Ultimate Parent Company.

f) The Group has received intimation for claims from two customers in a particular geography for an amount of approximately AED 208.20 million. The Group has sent its responses refuting such claims. The Group has made a counter claim on these customers for an amount of AED 299.60 million for additional works undertaken by the Group. In the opinion of the management, the customer's claim is not tenable and accordingly, based on management's best estimate, no provision is required to be made for the same.