Sterling and Wilson Middle East Solar Energy L.L.C Dubai

Financial Statements 31 March 2024

Statement of comprehensive income

(stated in AED)

	Note	2024	2023
Income			
Revenue from contracts with customers	3.3 a) & 4	**396,630**	4,188,061
Direct costs	5	**(4,256,457)**	(9,820,948)
Gross (loss)		**(3,859,827)**	(5,632,887)
Other income	6	**16,826**	157,786
		(3,843,001)	(5,475,101)
Expenses			
General and administration	7	**10,290,181**	12,315,789
Depreciation	8	**679,684**	688,858
Interest on lease liabilities	14	**15,209**	12,528
		10,985,074	13,017,175
(Loss) for the year		**(14,828,075)**	(18,492,276)
Other comprehensive (loss)/income:			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement (loss)/gain on employees' terminal benefits obligations	13	**(30,012)**	443,851
Other comprehensive (loss)/income for the year		**(30,012)**	443,851
Total comprehensive (loss) for the year		**(14,858,087)**	(18,048,425)

The attached notes 1 to 19 form part of these financial statements.

Statement of financial position

(stated in AED)

	Note	2024	2023
Assets			
Non-current assets			
Property and equipment	8	**499,252**	453,250
Total non-current assets		**499,252**	453,250
Current assets			
Accounts and other receivables	9	**2,889,547**	19,854,865
Bank and cash balances	10	**99,535**	48,557
Total current assets		**2,989,082**	19,903,422
Total assets		**3,488,334**	20,356,672
Shareholder's funds and liabilities			
Shareholder's funds			
Share capital	11	**300,000**	300,000
Legal reserve	12	**150,000**	150,000
(Accumulated losses)/retained earnings		**(2,229,736)**	12,628,351
Total (deficiency of assets)/shareholder's funds		**(1,779,736)**	13,078,351
Liabilities			
Non-current liabilities			
Employees' terminal benefits – non-current portion	13	**1,084,417**	1,125,332
Total non-current liabilities		**1,084,417**	1,125,332
Current liabilities			
Employees' terminal benefits – current portion	13	**41,775**	42,302
Lease liabilities	14	**351,323**	319,385
Accounts and other payables	15	**3,790,555**	5,791,302
Total current liabilities		**4,183,653**	6,152,989
Total liabilities		**5,268,070**	7,278,321
Total shareholder's funds and liabilities		**3,488,334**	20,356,672

The attached notes 1 to 19 form part of these financial statements.

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Neville Madan
Managing Director
____ 2024

Statement of changes in shareholder’s funds

(stated in AED)

	Share capital	Legal reserve	Retained earnings / (Accumulated losses)	Total
Balance at 1 April 2023	**300,000**	**150,000**	**12,628,351**	**13,078,351**
(Loss) for the year	**--**	**--**	**(14,828,075)**	**(14,828,075)**
Other comprehensive (loss) for the year	--	**--**	**(30,012)**	**(30,012)**
Total comprehensive (loss) for the year	**--**	**--**	**(14,858,087)**	**(14,858,087)**
Balance at 31 March 2024	**300,000**	**150,000**	**(2,229,736)**	**(1,779,736)**

	Share capital	Legal reserve	Retained earnings	Total
Balance at 1 April 2022	300,000	150,000	30,676,776	31,126,776
(Loss) for the year	--	--	(18,492,276)	(18,492,276)
Other comprehensive income for the year	--	--	443,851	443,851
Total comprehensive (loss) for the year	--	--	(18,048,425)	(18,048,425)
Balance at 31 March 2023	300,000	150,000	12,628,351	13,078,351

The attached notes 1 to 19 form part of these financial statements.

Statement of cash flows

(stated in AED)

	Note	2024	2023
Cash flows from operating activities			
(Loss) for the year		**(14,828,075)**	(18,492,276)
Adjustments for:			
Depreciation	8	**679,684**	688,858
Provision for employees' terminal benefits	13	**400,486**	510,293
Interest on lease liabilities	14	**15,209**	12,528
Cash flows (used in) operations before working capital changes		**(13,732,696)**	(17,280,597)
Decrease in accounts and other receivables		**366,230**	9,319,670
(Decrease)/increase in accounts and other payables		**(2,000,747)**	23,922,117
Employee's terminal benefits paid	13	**(471,940)**	(296,918)
Net cash from operating activities		**10,072,509**	15,664,272
Cash flows from investing activities			
Purchase of property and equipment (excluding right-of-use assets)	8	**(26,457)**	(18,369)
Net movement in due from parent company		**16,436,449**	5,587,109
Net movement in due from related party		**162,639**	(11,121,415)
Net cash from/(used in) investing activities		**16,572,631**	(5,552,675)
Cash flows from financing activities			
Payment of lease liabilities and interest	14	**(682,500)**	(632,800)
Net movement in due to parent company		**--**	(9,469,673)
Net cash (used in) financing activities		**(682,500)**	(10,102,473)
Increase in cash and cash equivalents during the year		**50,978**	9,124
Cash and cash equivalents at the beginning of the year		**48,557**	39,433
Cash and cash equivalents at the end of the year	10	**99,535**	48,557
Non-cash transactions during the year:			
Movement in right-of-use assets arising from modification	8	**699,229**	635,663
Movement in lease liabilities arising from modification	14	**(699,229)**	(635,663)
Transfer of employees' terminal benefits	13	**--**	(421,084)
Set off of accounts receivable from the Ultimate Parent Company against due from the Parent Company	16	**416,462**	12,523,947
Set off of accounts receivable from a related party against due from the Parent Company	16	**--**	27,506,476
Adjustment of other receivables against due from the Parent Company	9	**5,766,644**	--
		416,462	39,609,339

The attached notes 1 to 19 form part of these financial statements.

Notes to the financial statements

(stated in AED)

1. Legal status and principal activities

Sterling and Wilson Middle East Solar Energy L.L.C, Dubai ("the Company") is a limited liability company registered in the Emirate of Dubai in accordance with Federal Law No. (2) of 2015 and its subsequent amendments.

On 20 September 2021, the UAE Federal Law No. (32) of 2021 was issued and came into effect on 2 January 2022, which repealed the Federal Law No 2 of 2015.

The principal activities of the Company are trading, installation and rental of solar energy systems.

The principal place of business is located at Office Nos. 1803-1804, Park Place Building, Sheikh Zayed Road, Dubai.

The Company is wholly-owned by Sterling and Wilson International Solar FZCO ("the Parent Company"). The Ultimate Parent Company is Sterling and Wilson Renewable Energy Limited, a public limited company incorporated in India and listed with Securities Exchange Board of India (SEBI). Pursuant to a resolution dated _______, the Parent Company has resolved to increase the share capital of the Company from AED 300,000 comprising of 300 shares of AED 1,000 each to AED 5,000,000 comprising of 5,000 shares of AED 1,000 each. The legal proceedings with respect to the increase in share capital of the Company are in progress as of the date of approval of these financial statements (Refer Note 3.2, Note 11 and Note 19).

2. Adoption of new and revised International Financial Reporting Standards

2.1 Amended standards adopted by the Company

The Company has adopted the following applicable amended IFRS as of 1 April 2023:

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.

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 financial statements.

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

The following amendments to existing standards are applicable for accounting periods of the Company beginning after 1 April 2023, and have not been adopted early by the Company:

- Amendments to IAS 7, 'Statement of Cash Flows' and IFRS 7, 'Financial Instruments: Disclosures' relating to supplier finance arrangements adds a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The term "supplier finance arrangements' has not been described. Instead, the amendments describe the characteristics of an arrangement for which the entity would be required to provide the information. These amendments are effective for annual reporting periods beginning on or after 1 January 2024 with an option to early adopt.

2. Adoption of new and revised International Financial Reporting Standards

2.2 Amendments to existing standards that are not yet effective and have not been adopted early by the Company (Continued)

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 financial statements for future periods.

3. Basis of preparation and material accounting policy information and estimates

3.1 Basis of preparation

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

3.2 Going concern assumption

These financial statements are prepared on a going concern basis which assumes that the Company will continue to operate as a going concern for the foreseeable future. During the year ended 31 March 2024, the Company incurred a loss of AED 14,828,075 (2023: AED 18,492,276) and as of that date, the Company's accumulated losses of AED 2,229,736 (2023: Retained earnings of AED 12,628,351) exceeded its share capital and it had a deficiency of assets of AED 1,779,736 (2023: Shareholder's funds of AED 13,078,351). Also, the Company's current liabilities have exceeded current assets by AED 1,194,571 (2023: Current assets exceeded its current liabilities by AED 13,750,433). Further, the Company does not have any ongoing contracts as of the date of approval of the financial statements. In order to support the continuance of the Company's operations, the Parent Company has confirmed its intention to continue the operations and to provide sufficient funds to meet the liabilities as they fall due. Further, the Parent Company, through a resolution dated ______ has resolved to increase the share capital of the Company from AED 300,000 comprising of 300 shares of AED 1,000 each to AED 5,000,000 comprising of 5,000 shares of AED 1,000 each. The legal proceedings with respect to the increase in share capital of the Company are in progress as of the date of approval of these financial statements.

3.3 Basis of measurement

The financial statements have been prepared on the historical cost basis. The material accounting policies that have been applied consistently by the Company to all periods presented in these financial statements are set out below.

3.4 Material accounting policy information

a) Revenue recognition

Revenue from contracts with customers is recognised when services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements.

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 Company.

The payment is generally due within 90 days upon issue of invoice.

Others
Other income is recognised when the underlying transaction is completed.

3. Basis of preparation and material accounting policy information and estimates (Continued)

3.4 Material accounting policy information (Continued)

b) Property and equipment

Property and equipment are stated in the 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 Company 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 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.

Depreciation is charged on assets so as to write off the cost of assets over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

Leasehold improvements	3 to 5 years
Office and other equipment	3 to 5 years
Furniture and fixtures	3 to 5 years
Motor vehicles	3 to 5 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 statement of comprehensive income.

c) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

d) 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 Company becomes a party to the contractual provisions of the instrument.

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

3. Basis of preparation and material accounting policy information and estimates (Continued)

3.4 Material accounting policy information (Continued)

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

(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).

The Company has not classified and measured any financial asset at either FVOCI or FVPL. All recognised financial assets are classified and measured subsequently at amortised cost.

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

- 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.

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified and measured at amortised cost or FVPL. The Company has not classified and measured any financial liability at FVPL. Financial liabilities classified at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

The Company's financial liabilities, which include accounts and other payables and lease liabilities, are classified and subsequently 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 Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

3. Basis of preparation and material accounting policy information and estimates (Continued)

3.4 Material accounting policy information (Continued)

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

(iii) Derecognition (Continued)

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

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

(iv) Offsetting

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

e) Impairment of financial assets

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

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

- Accounts receivable; and
- Other financial assets at amortised cost

In case of accounts receivable, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. The Company performs individual assessment for its accounts receivable 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 Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible default 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 statement of comprehensive income.

3. Basis of preparation and material accounting policy information and estimates (Continued)

3.4 Material accounting policy information (Continued)

f) Employees' terminal benefits

Provision is made for employees' terminal benefits on the basis prescribed under the UAE Labour Law based on employees' salaries and number of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment. Accordingly, the Company has no expectation of settling its employees' terminal benefits obligation in the near future.

The cost of providing benefits is determined based on actuarial valuation by an independent actuary, which recognizes 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 costs 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.

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

g) Accounts and other payables

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

h) Foreign currencies

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

Transactions and balances
Transactions in currencies other than AED 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 with in the statement of comprehensive income.

i) Cash and cash equivalents

Cash and cash equivalents consist of unrestricted bank and cash balances, which are subject to insignificant risk of changes in value.

j) Operating leases

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

- the contract involves the use of an identified asset – this maybe specified explicitly or implicitly in the contract and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not an identified asset;

- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

3. Basis of preparation and material accounting policy information and estimates (Continued)

3.4 Material accounting policy information (Continued)

j) Operating leases (Continued)

- the Company has the right to direct the use of the asset, i.e., the Company has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

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

As a Lessee

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

Right-of-use assets

The right-of-use assets are initially measured at cost, which comprises 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 assets to restore the underlying assets 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 assets or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment (Note 3.3 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 lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

At the commencement date, the lease payments included in the measurement of the lease 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 Company 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 asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases

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

Lease modifications

The Company 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.

3. Basis of preparation and material accounting policy information and estimates (Continued)

3.4 Material accounting policy information (Continued)

j) Operating leases (Continued)

Lease modifications (Continued)
For a modification that is not a separate lease, at the effective date of the modification the Company 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.

k) Contingent liabilities

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

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

3.5 Significant accounting estimates, judgements and assumptions

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

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

The 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 Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine appropriate method of recognising revenue. The Company has assessed that based on the contract, revenue is recognised over time because the customer simultaneously receives and consumes the benefits as the service is performed.

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

3. Basis of preparation and material accounting policy information and estimates (Continued)

3.5 Significant accounting estimates, judgements and assumptions (Continued)

Impairment of financial assets

Accounts receivable
The Company's credit risk is primarily attributable to its accounts receivable. The Company reviews its accounts receivable to assess impairment at regular intervals. In determining whether impairment losses should be reported in the statement of comprehensive income, the Company 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 Company 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 Company 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.

Impairment of property and equipment

A decline in the value of property and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of property and equipment 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

The Company’s management determines the estimated useful lives of its property and equipment for calculating depreciation. 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 charge would be adjusted where the management believes the useful lives differ from previous estimates.

Determining the lease term

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

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Use of incremental rate of borrowing

For measuring the lease liabilities, the Company 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 Company would be charged to borrow over a similar term and under similar circumstances. To determine an appropriate rate, the Company has obtained the relevant information from its bankers.

3. Basis of preparation and material accounting policy information and estimates (Continued)

3.5 Significant accounting estimates, judgements 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 projected 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 13.

4. Revenue from contracts with customers

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

a) Type of services

	2024	2023
Revenue from operation and maintenance services	**396,630**	4,188,061
	396,630	4,188,061

b) Geographical locations

	2024	2023
Middle East	**396,630**	4,188,061
	396,630	4,188,061

c) Customer relationship

	2024	2023
Related party customers (Note 16)	**396,630**	4,188,061
	396,630	4,188,061

5. Direct costs

	2024	2023
Salaries and employee related costs	**1,368,724**	3,367,004
Materials	**1,363,071**	2,724,389
Contract costs	**1,039,612**	2,646,568
Short-term leases (Note 14)	**80,008**	206,526
Others	**405,042**	876,461
	4,256,457	9,820,948

6. Other income

	2024	2023
Sale of scrap	**16,826**	151,523
Miscellaneous income	**--**	6,263
	16,826	157,786

7. General and administration expenses

	2024	2023
Salaries and employee related costs	**8,955,030**	9,113,886
Insurance expenses	**397,066**	546,291
Traveling and conveyance	**372,014**	627,262
Communication	**169,696**	194,412
Repairs and maintenance	**109,477**	90,399
Legal and professional fees	**88,652**	115,614
Utilities	**52,373**	52,175
Loss on foreign currency exchange	**27,519**	1,035,943
Printing and stationery	**12,935**	8,139
Bank charges	**10,014**	13,157
Others	**95,405**	518,511
	10,290,181	12,315,789

8. Property and equipment

2024	Leasehold improvements	Office and other equipment	Furniture and fixtures	Motor vehicles	Right-of-use assets	Total
Cost						
At 1 April 2023	**1,933,423**	**1,919,330**	**149,840**	**69,999**	**2,671,456**	**6,744,048**
Additions during the year	**--**	**26,457**	**--**	**--**	**--**	**26,457**
Effect of modification during the year (Note 14)	**--**	**--**	**--**	**--**	**699,229**	**699,229**
At 31 March 2024	**1,933,423**	**1,945,787**	**149,840**	**69,999**	**3,370,685**	**7,469,734**
Accumulated depreciation						
At 1 April 2023	**1,933,253**	**1,891,262**	**148,603**	**69,999**	**2,247,681**	**6,290,798**
Charge for the year	**170**	**21,426**	**1,237**	**--**	**656,851**	**679,684**
At 31 March 2024	**1,933,423**	**1,912,688**	**149,840**	**69,999**	**2,904,532**	**6,970,482**
Net book value						
At 31 March 2024	**--**	**33,099**	**--**	**--**	**466,153**	**499,252**

2023	Leasehold improvements	Office and other equipment	Furniture and fixtures	Motor vehicles	Right-of-use assets	Total
Cost						
At 1 April 2022	1,933,423	1,900,961	149,840	69,999	2,035,793	6,090,016
Additions during the year	--	18,369	--	--	--	18,369
Effect of modification during the year (Note 14)	--	--	--	--	635,663	635,663
At 31 March 2023	1,933,423	1,919,330	149,840	69,999	2,671,456	6,744,048
Accumulated depreciation						
At 1 April 2022	1,871,054	1,852,827	142,742	69,999	1,665,318	5,601,940
Charge for the year	62,199	38,435	5,861	--	582,363	688,858
At 31 March 2023	1,933,253	1,891,262	148,603	69,999	2,247,681	6,290,798
Net book value						
At 31 March 2023	170	28,068	1,237	--	423,775	453,250

a) Right-of-use assets represent office premises taken on non-cancellable operating leases (Note 3.3 j)).

b) During the year, the right-of-use assets and the corresponding lease liabilities were adjusted for the effect of modification in the lease payments due to renewal of existing lease agreements (Note 14).

9. Accounts and other receivables

	2024	2023
Accounts receivable - related parties	**2,032,189**	2,032,189
Due from the Parent Company	**451,610**	11,121,415
Due from related party	**--**	162,639
Deposits and prepayments	**202,610**	245,052
VAT recoverable	**180,672**	140,877
Advances to staff	**14,530**	68,025
Advances to suppliers	**7,936**	318,024
Other receivables (See note c) below)	**--**	5,766,644
	2,889,547	19,854,865

a) The Company's risk exposure and expected credit losses on accounts receivable, amounts due from related parties and other receivables are disclosed in Note 17.1 b).

b) Accounts receivable, due from related parties and other receivables are considered collectible based on historic experience.

c) Other receivables represented the costs incurred in relation to additional work undertaken by the Company to compensate a customer for deficiencies in the products supplied by the Parent Company under the terms of the contract with a customer. The settlement amount was received by the Parent Company and was adjusted against the amount due from the Parent Company during the year.

10. Bank and cash balances

	2024	2023
Bank current accounts	**65,777**	31,401
Cash on hand	**33,758**	17,156
	99,535	48,557

11. Share capital

	2024	2023
Authorised and fully paid:		
(300 shares of AED 1,000 each)	**300,000**	300,000
	300,000	300,000

On______, the Parent Company has resolved to increase the share capital of the Company from AED 300,000 comprising of 300 shares of AED 1,000 each to AED 5,000,000 comprising of 5,000 shares of AED 1,000 each. The legal proceedings with respect to the increase in share capital of the Company are in progress as of the date of approval of these financial statements.

12. Legal reserve

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

13. Employees' terminal benefits

The Company has an unfunded defined benefits retirement plan, which is in accordance with the requirements of the labour laws of the UAE. Employees are entitled to benefits based on length of service and final remuneration and are payable on termination or completion of term of employment.

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

	2024	2023
Balance at the beginning of the year	**1,167,634**	1,819,194
Current service costs and interest (under general and administration expenses)	**400,486**	510,293
Actuarial (gains)/losses recognised in other comprehensive income:		
- changes in financial assumptions	**(15,354)**	(325,577)
- changes in experience	**45,366**	(118,274)
Transfer to the Parent Company during the year (Note 16)	**--**	(421,084)
Payments during the year	**(471,940)**	(296,918)
Balance at the end of the year	**1,126,192**	1,167,634

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

	2024	2023
Amounts payable within 12 months	**41,775**	42,302
Amounts payable after 12 months	**1,084,417**	1,125,332
	1,126,192	1,167,634

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

	2024	2023
Discount rate	**4.90%**	4.80%
Salary escalation	**5.00%**	5.00%
Employee turnover rate	**3.60%**	3.60%

The sensitivities of the overall retirement plan liability to changes in the weighted principal assumptions are:

	2024	2023
Discount rate + 100 basis points	**(138,171)**	(153,725)
Discount rate - 100 basis points	**168,161**	189,997
Salary escalation rate + 100 basis points	**166,231**	187,606
Salary escalation rate - 100 basis points	**(139,258)**	(154,785)
Employee turnover + 100 basis points	**(1,500)**	(3,575)
Employee turnover - 100 basis points	**1,739**	4,193

14. Lease liabilities

Lease liabilities represent the discounted value of future lease payments for the leases of office premises (Note 3.3 j)). The movement of lease liabilities at the end of each reporting date is as follows:

	2024	2023
Balance at the beginning of the year	**319,385**	303,994
Add: Movement in lease liabilities arising from modification (Note 8)	**699,229**	635,663
Add: Interest on lease liabilities	**15,209**	12,528
Less: Lease liabilities paid	**(682,500)**	(632,800)
Balance at the end of the year	**351,323**	319,385

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

14. Lease liabilities (Continued)

b) During the year, the Company has renewed the lease arrangements and therefore recognised the revisions on the payment terms for the effect of modification amounting to AED 699,229 (2022: AED 635,663), which have been adjusted with the corresponding right-of-use assets (Note 8).

Amounts recognised in the statement of comprehensive income

	2024	2023
Short-term leases (Note 5)	**80,008**	206,526
Interest on lease liabilities	**15,209**	12,528

Amount recognised in the statement of cash flows

	2024	2023
Payment of lease liabilities and interest	**682,500**	632,800

15. Accounts and other payables

	2024	2023
Accounts payable including retentions	**1,445,421**	3,082,655
Accrued expenses and other payables	**2,345,134**	2,708,647
	3,790,555	5,791,302

16. Related party transactions

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

Related party transactions	Relationship	**2024**	2023
Revenue from contracts with customers (Note 4)	Ultimate Parent Company	**396,630**	4,188,061
		396,630	4,188,061
Recharge of salaries and employee related costs (Under general and administration expenses)	Other related party	**700,593**	620,836
Transfer of employees' terminal benefits (Note 13)	Parent Company	**--**	421,084
Recharge of travelling cost (Under general and administration expenses)	Other related party	**--**	79,417

The amounts due from the Parent Company do not attract interest and are receivable on demand.

Pursuant to an agreement between the Company, the Parent Company and the Ultimate Parent Company, accounts receivable from the Ultimate Parent Company amounting to AED 416,462 (2023: AED 12,523,947) have been set off against amount due from the Parent Company during the year.

In the previous year, pursuant to an agreement between the Company, the Parent Company and a related party, accounts receivable from the related party amounting to AED 27,506,476 was set off against amount due from the Parent Company.

There is no key management remuneration during the years ended 31 March 2024 and 31 March 2023.

17. Financial risk and capital management

17.1 Financial risk factors

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

The Company's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance. Under the Company's risk management programme, management identifies and documents key risks and sets out policies and procedures required to mitigate these risks. No changes were made in the risk management objectives and policies during the years ended 31 March 2024 and 31 March 2023. The identified key risks are:

a) Currency risk

The Company operates in the Middle East region. The currencies of these countries in the Middle East region in which the Company operates are fixed to the United States Dollars and therefore the exposure to foreign exchange risk arising from transactions in those currencies is not material.

b) Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which comprise principally of bank balances, accounts receivable, due from the Parent Company and related party and other receivables.

Bank balances
Credit risk from banks and financial institutions is managed in accordance with the Company's policy. The Company's bank accounts are placed only with high credit quality financial institutions.

Accounts receivable, due from the Parent Company and related party and other receivables
The credit risk on accounts receivable, due from the Parent Company and related party and other receivables is subjected to credit evaluations. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits are defined and are set based on internal and external ratings in accordance with the Company's policies. Outstanding customer receivables, due from the Parent Company and related parties and other receivables are regularly monitored.

The Company is exposed to a significant concentration of credit risk. At the reporting date, 100% of accounts receivable from related parties is due from a single party (2023: 100% from a single party).

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

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

While cash and cash equivalents and other financial assets at amortised cost including due from the Parent Company and related party and other receivables are also subject to impairment, the identified impairment loss is considered immaterial.

The ageing analysis of gross carrying amounts of accounts receivable and loss allowance are as follows:

Impairment of financial assets (Continued)

	2024		2023	
	Accounts receivable	of which impaired	Accounts receivable	of which impaired
More than 1 year	**2,032,189**	**--**	2,032,189	--
	2,032,189	**--**	2,032,189	--

17. Financial risk and capital management (Continued)

17.1 Financial risk factors (Continued)

b) Credit risk (Continued)

Reconciliation of the closing loss allowance for accounts receivable as at 31 March to the opening allowance is as follows:

	2024	2023
Balance at the beginning of the year	**--**	1,692,485
Written off during the year	**--**	(1,692,485)
Balance at the end of the year	**--**	--

The Company applies the simplified approach in measuring expected credit losses by assessing individually its accounts receivable (Note 3.3 e)). The identified expected credit loss on accounts receivable is considered immaterial.

Accounts receivable 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 Company and a failure to make contractual payments for a period of greater than 365 days past due. Impairment losses on accounts receivable are presented as net impairment losses in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same account.

c) Liquidity risk

The Company manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Company maintains good working relations with its banks.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 March, based on contractual payment dates:

2024	0 to 1 year	Total
Accounts and other payables	**3,790,555**	**3,790,555**
Lease liabilities	**357,500**	**357,500**
Total	**4,141,878**	**4,141,878**

2023	0 to 1 year	Total
Accounts and other payables	5,791,302	5,791,302
Lease liabilities	325,000	325,000
Total	6,116,302	6,116,302

17.2 Capital management

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

The Company sets the amount of capital funds in accordance with the planned level of operations and in proportion to the levels of risk. The Company manages the shareholder's funds and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the shareholder's funds, the Company may adjust the amount of dividends paid to shareholder, return funds to shareholder, issue new shares, or sell assets to reduce its exposure to debt. No changes were made in the objectives, policies or processes during the years ended 31 March 2024 and 31 March 2023. Capital comprises share capital, legal reserve and (accumulated losses)/retained earnings and is measured at deficiency of assets of AED 1,779,736 (2023: shareholder's funds of AED 13,078,351).

18. Corporate tax

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 ("CT Law") 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.

Since the provisions of the UAE CT Law will apply to tax periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the financial statements of the Company for the period beginning 1 April 2024. However, the related deferred tax accounting has been considered for the financial year ending 31 March 2024. Management has performed preliminary assessment of the CT Law in the light of the provisions, interpretations and cabinet decisions released so far, and believes that there is no material impact of deferred tax on the financial statements of the Company for the year ended 31 March 2024.

19. Subsequent event

Subsequent to the reporting date, on______ the Parent Company has resolved to increase the share capital of the Company from AED 300,000 comprising of 300 shares of AED 1,000 each to AED 5,000,000 comprising of 5,000 shares of AED 1,000 each. The legal proceedings with respect to the increase in share capital of the Company are in progress as of the date of approval of these financial statements.