J.K. Cement Works (Fujairah) FZC
Fujairah Free Zone
Fujairah - United Arab Emirates

Auditor's report and separate financial statements
For the year ended December 31, 2021

J.K. Cement Works (Fujairah) FZC
Fujairah Free Zone
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J.K. Cement Works (Fujairah) FZC
Fujairah Free Zone
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Statement of financial position as at December 31, 2021
(In Arab Emirates Dirham)

	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	6	**364,521,895**	386,889,328
Intangible asset	7	**9,260,165**	9,551,792
Right-of-use assets	8	**64,526,299**	70,483,926
Investment in a subsidiary	9	**798,111**	798,111
Loans to a related party - non-current portion	12	**190,970**	651,869
Total non-current assets		**439,297,440**	468,375,026
Current assets			
Inventories	10	**55,759,561**	38,506,000
Trade receivables	11	**18,089,563**	18,675,562
Due from related parties	12	**1,100,607**	2,271,464
Loan to a related party - current portion	12	**460,899**	137,719
Advances, deposits and other receivables	13	**9,372,566**	6,254,695
Cash and bank balances	14	**992,760**	7,876,889
Total current assets		**85,775,956**	73,722,329
Total assets		**525,073,396**	542,097,355
Equity and liabilities			
Equity			
Share capital	15	**36,724,000**	36,724,000
Equity component of compulsory convertible preference shares	16	**52,426,891**	52,426,891
Accumulated (losses)	17	**(283,946,381)**	(244,862,751)
Total equity deficit		**(194,795,490)**	(155,711,860)
Non-current liabilities			
Liability component of compulsory convertible preference shares	16	**8,834,072**	10,589,631
Redeemable preference shares and application money	18	**429,444,492**	282,544,492
Employees' end of service benefits	19	**3,457,394**	3,819,812
Dividend payable on preference shares	20	**34,906,039**	32,702,539
Bank borrowings - non-current portion	21	**22,541,416**	171,438,016
Lease liabilities - non-current portion	22	**75,565,116**	80,489,488
Total non-current liabilities		**574,748,529**	581,583,978

J.K. Cement Works (Fujairah) FZC
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Statement of financial position as at December 31, 2021 (continued)
(In Arab Emirates Dirham)

	Notes	2021	2020
Equity and liabilities (continued)			
Current liabilities			
Bank borrowings - current portion	21	**60,598,134**	53,987,170
Lease liabilities - current portion	22	**30,144,745**	21,295,117
Advance from a related party	12	**2,642,500**	-
Trade and other payables	23	**51,734,978**	40,942,950
Total current liabilities		**145,120,357**	116,225,237
Total liabilities		**719,868,886**	697,809,215
Total equity and liabilities		**525,073,396**	542,097,355

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

The report of the auditor is set out on pages 1 to 3.

The separate financial statements on pages 4 to 36 were approved on February 01, 2022 and signed on behalf of the Entity, by:

Chief Executive Officer

Managing Director
(Raghavpat Singhania)

Company Secretary

Chief Financial Officer

Director

J.K. Cement Works (Fujairah) FZC
Fujairah Free Zone
Fujairah - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended December 31, 2021
(In Arab Emirates Dirham)

	Notes	2021	2020
Revenue	24	**163,645,566**	139,178,687
Cost of revenue	25	**(125,706,430)**	(107,929,731)
Gross profit		**37,939,136**	31,248,956
Other income	26	**1,166,047**	989,935
Selling and distribution expenses	27	**(55,924,964)**	(39,672,407)
Administrative expenses	28	**(9,785,997)**	(9,406,355)
Directors' remuneration	12	**(250,000)**	(250,000)
Finance costs	29	**(12,227,852)**	(17,041,207)
(Loss) for the year		**(39,083,630)**	(34,131,078)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		**(39,083,630)**	(34,131,078)

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Statement of changes in equity for the year ended December 31, 2021
(In Arab Emirates Dirham)

	Share capital	Equity component of compulsory convertible preference shares	Accumulated (losses)	Total equity deficit
Balance as at December 31, 2019	36,724,000	52,426,891	(210,731,673)	(121,580,782)
(Loss) for the year	-	-	(34,131,078)	(34,131,078)
Balance as at December 31, 2020	36,724,000	52,426,891	(244,862,751)	(155,711,860)
(Loss) for the year	-	-	(39,083,630)	(39,083,630)
Balance as at December 31, 2021	**36,724,000**	**52,426,891**	**(283,946,381)**	**(194,795,490)**

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

The report of the auditor is set out on pages 1 to 3.

J.K. Cement Works (Fujairah) FZC
Fujairah Free Zone
Fujairah - United Arab Emirates

Statement of cash flows for the year ended December 31, 2021
(In Arab Emirates Dirham)

	2021	2020
Cash flows from operating activities		
(Loss) for the year	**(39,083,630)**	(34,131,078)
Adjustments for:		
Loss/(gain) on disposal of property, plant and equipment	**463**	(81)
Depreciation on property, plant and equipment	**23,607,176**	24,008,722
Depreciation on right-of-use assets	**6,048,334**	6,080,850
Provision for employees' end of service benefits	**630,273**	828,511
Property, plant and equipment written off	**-**	334,807
Allowance for expected credit loss	**-**	88,573
Allowance for slow moving inventories	**524,494**	426,080
Finance costs	**12,227,852**	17,041,207
Amortisation of intangible asset	**291,627**	281,161
Reversal of provision for end of service benefits	**(378,540)**	-
Reversal of director remuneration provision	**-**	(250,000)
Operating profit before changes in operating assets and liabilities	**3,868,049**	14,708,752
(Increase)/decrease in current assets		
Inventories	**(17,778,055)**	2,995,566
Trade receivables	**585,999**	11,418,556
Due from related parties	**1,170,857**	(1,634,117)
Advances, deposits and other receivables	**(3,117,871)**	(1,859,586)
Increase/(decrease) in current liabilities		
Trade and other payables	**10,792,028**	4,749,492
Advance from a related party	**2,642,500**	-
Cash (used in)/generated from operations	**(1,836,493)**	30,378,663
Finance costs paid	**(714,451)**	(675,318)
Employees' end of services benefits paid	**(614,151)**	(191,424)
Net cash (used in)/from operating activities	**(3,165,095)**	29,511,921
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(1,240,206)**	(1,886,006)
Proceeds from disposal of property, plant and equipment	**-**	3,078
Loans to a related party	**137,719**	(238,713)
Net cash (used in) investing activities	**(1,102,487)**	(2,121,641)

J.K. Cement Works (Fujairah) FZC
Fujairah Free Zone
Fujairah - United Arab Emirates

Statement of cash flows for the year ended December 31, 2021 (continued)
(In Arab Emirates Dirham)

	2021	2020
Cash flows from financing activities		
Redeemable preference shares and application money	**146,900,000**	46,945,138
(Repayment) of term loans - net	**(146,349,147)**	(40,561,291)
Proceeds/(repayment) of other bank borrowings	**4,063,511**	(14,748,621)
(Repayment) of lease liabilities	**(207,338)**	(236,710)
Finance costs paid	**(7,023,573)**	(11,598,173)
Net cash from/(used in) financing activities	**(2,616,547)**	(20,199,657)
Net (decrease)/increase in cash and cash equivalents	**(6,884,129)**	7,190,623
Cash and cash equivalents, beginning of the year	**7,876,889**	686,266
Cash and cash equivalents, end of the year	**992,760**	7,876,889
Cash and cash equivalents		
Cash in hand	**8,788**	16,575
Cash at banks	**983,972**	7,860,314
	992,760	7,876,889

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

The report of the auditor is set out on pages 1 to 3.

Chief Executive Officer

Managing Director
(Raghavpat Singhania)

Company Secretary

Chief Financial Officer

Director

1 Legal status and business activities

1.1 **M/s. J.K. Cement Works (Fujairah) FZC,** Fujairah Free Zone, Fujairah - United Arab Emirates (the "Entity") was registered on March 17, 2008 as a Free Zone Company and operates in the United Arab Emirates under a commercial license issued by the Fujairah Free Zone Authority, Fujairah - United Arab Emirates.

1.2 The Entity is licensed to engage in manufacturing and trading (export & import) of all types of cement, limestone, pet coke, kaolin, feldspar, fluorspar, silica sand, gypsum and other allied products.

1.3 The registered address of the Entity is P.O. Box: 5325, Fujairah Free Zone, Fujairah - United Arab Emirates.

1.4 The Entity is a step down subsidiary of J.K. Cement Ltd. *"Ultimate Parent"* , an Indian Company incorporated under the Companies Act 1956. The management and control of the Entity are vested with the Board of Directors and day to day affairs of the Entity are controlled and managed by Chief Executive Officer, Mr. Amit Kothari who is responsible to the Board and Managing Director, Mr. Raghavpat Singhania.

1.5 These separate financial statements incorporate the operating results of the Commercial license no. 2249. These separate financial statements also incorporate the operating results of M/s. Whitemaxx Kenya (Branch) registration no. FC-KXTDB2.

2 COVID-19 impact

COVID-19 has interrupted the movement of people and goods throughout the world, as well as affecting the profitability and long-term viability of many businesses. While many jurisdictions have experienced improved economic outlook in 2021, many jurisdictions and industries are still being affected significantly by the effects of COVID-19. This includes supply chain disruptions, changes in demand for goods and services as well as the uncertainty of future government imposed restrictions on operations

As a result of the above, the Entity continues to assess regularly the impact of COVID-19 on its business, in particular the potential impact on export sales due to border restrictions and supply chain disruptions. The evolution of the COVID-19 is changing rapidly on a daily basis. The unprecedented nature of the crisis, the lack of enough historical data, the low visibility and the high uncertainty related to its evolution, its duration and its impact on the economy in general and the business in particular, make the quantification of its impact on the business difficult to assess accurately at this stage.

3 Material uncertainty related to going concern

The separate financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Entity has incurred loss for the year amounting to AED 39,083,630 during the year, has accumulated (losses) of AED 283,946,381 and total liabilities exceeded total assets by AED 194,795,490 as at the reporting date. These conditions indicate that a material uncertainty exists that may cast a significant doubt on the Entity's ability to continue as a going concern.

However, these separate financial statements have been prepared on a going concern basis as the Ultimate Parent has agreed to provide necessary financial support to enable the Entity to continue its operation and settle its obligation as and when they fall due. Also, the management is now focusing on new markets beyond GCC region which is expected to increase business volume and enhance profitability in coming years. Accordingly, these separate financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Entity be unable to continue as a going concern.

4 New standards and amendments

4.1 New standards and amendments applicable as on January 01, 2021

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 01, 2021.

- COVID-19-related rent concessions beyond 30 June 2021 - Amendments to IFRS 16
- Interest Rate Benchmark Reform phase 2 - Amendments to IFRS 7, IFRS 9, IFRS 4, IFRS 16 and IAS 39

4 New standards and amendments (continued)

4.1 New standards and amendments applicable as on January 01, 2021 (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 separate financial statements.

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

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending December 31, 2021.

Description	Effective for annual periods beginning on or after
Annual improvements to IFRSs - 2018-2020 cycle	January 01, 2022
Proceeds before Intended Use - Amendments to IAS 16, *Property, Plant and Equipment*	January 01, 2022
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*	January 01, 2022
Reference to the Conceptual Framework - Amendments to IFRS 3, *Business Combinations*	January 01, 2022
IFRS 17 - *Insurance Contracts*	January 01, 2023
Classification of Liabilities as Current or Non-Current - Amendments to IAS 1, *Presentation of Financial Statements*	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1, *Presentation of Financial Statements and IFRS Practice Statement 2*	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8, *Accounting policies, Changes in Accounting Estimates and Errors*	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from Single Transaction - Amendments to IAS 12, *Income Taxes*	January 01, 2023

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

5 Significant accounting policies

5.1 Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and applicable U.A.E. laws. These separate financial statements are presented in United Arab Emirates Dirham (AED) which is the Entity's functional and presentation currency.

5.2 Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

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

5 Significant accounting policies (continued)

5.3 Current/Non current classification

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Entity classifies all other liabilities as non-current.

5.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

- Level 1 inputs are quoted price (unadjusted) in active market for identical asset or liabilities that the entity can access at the measurement date,
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

5.5 Foreign currency

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

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

5.6 Property, plant and equipment

Property, plant and equipment, except building and improvements are stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

5 Significant accounting policies (continued)

5.6 Property, plant and equipment (continued)

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 Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Depreciation is spread over useful lives so as to write off the cost of property, plant and equipment, using the straight-line method over their useful lives as follows:

	Years
Building and improvements	5 - 25
Plant and machinery	4 - 25
Motor vehicles	5
Furniture, fixtures, office equipments and others	3 - 5

When part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The building and leasehold improvements are being depreciated over the period from when it became available for use up to shorter of lease period and useful life the end of the lease term.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

Capital work- in- progress

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Entity's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

5.7 Leases

The Entity assesses at the inception of a contract, whether the 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 of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Entity assesses whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Entity.
- the Entity has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Entity has the right to direct the use of the identified asset throughout the period of use. The Entity assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

5.7.1 Entity as lessee

The Entity applies a single recognition and measurement approach for all leases whereby right-of-use assets and lease liabilities are recognized except for the short-term leases and leases of low-value assets.

5 Significant accounting policies (continued)

5.7 Leases (continued)

5.7.1 Entity as lessee (continued)

Right-of-use assets

The Entity recognizes right-of-use assets at the lease commencement date i.e. the date on which the assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of assets comprise the amount of initial lease liabilities recognised, initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and lease payments made at or before the commencement date less any lease incentives received. In addition, the Entity also assesses the right-of-use asset for impairment when such indicators exist.

Depreciation is spread over the shorter of lease term and the estimated useful lives of the assets using straight-line method. The shorter of lease term and the estimated useful lives of the right-of-use assets have been listed below:

	Years
Land	16.5
Motor vehicles	3

If ownership of the leased asset transfers to the Entity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date, the Entity measures lease liabilities at present value of the lease payments that are not paid at that date. The lease payments include fixed payments less any lease incentives receivable, variable lease payments, amount expected to be paid as guaranteed residual value, the exercise price of a purchase option if the Entity is reasonably certain to exercise that option and payments of penalties for terminating the lease. The Entity uses its incremental borrowing rate if interest rate implicit in the lease is not readily determinable, to measure the present value of lease payments.

Subsequent to initial measurement, the Entity remeasures lease by increasing the carrying amount to reflect interest on the lease liabilities and reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount is remeasured if there are modification in lease contracts or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Entity elects not to recognize right-of-use assets and lease liability for short term lease contracts (i.e. lease period less than or equal to 12 months from the date of commencement) and for low value assets. The Entity recognises payments associated with these leases as an expense on a straight-line basis over the lease term.

5.8 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

5.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

5 Significant accounting policies (continued)

5.9 Impairment of tangible and intangible assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

5.10 Investment in subsidiary

The investment in subsidiary is accounted for using cost model under IAS 27 “Separate Financial Statements".

5.11 Financial instruments

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

5.12 Financial assets

Classification

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

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

- those to be measured at amortised cost.

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

Measurement

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

Financial assets comprise of cash and cash equivalents, trade and other receivables, due from related parties, loan to a related party and other financial assets.

Cash and cash equivalents

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

5 Significant accounting policies (continued)

5.12 Financial assets (continued)

Receivables

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

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

Due from/loan to related parties

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

Impairment of financial assets

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

Derecognition of financial assets

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

5.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables, due to a related party and loans and borrowings.

Trade and other payables

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

Due to a related party

Amounts due to a related party is stated at amortised cost.

Loans and other borrowings

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

5 Significant accounting policies (continued)

5.14 Offsetting financial instruments

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

5.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

5.16 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

5.17 Revenue recognition

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

Sale of goods

Revenue from the sale of goods in normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to the customer.

The consideration expected by the Entity may include fixed or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Revenue for the sale of goods is recognized when control of the asset is transferred to the buyer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods or services are accounted for separately based on their stand-alone selling prices. Revenue is recorded net of value added tax (VAT) and custom duty. A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.

5 Significant accounting policies (continued)

5.18 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Critical judgements in applying accounting policies

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

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferred control of the goods to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate as there are no warranties beyond satisfaction of delivery terms.

Lease term - the Entity as lessee

The Entity determines lease term as the non-cancellable period of a lease together with any periods covered with an option to extend or terminate. The management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease contract. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Entity reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate it.

Key sources of estimation uncertainty

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

Net realisable value of inventories

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

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on expected usage of the assets and expected physical wear and tear which depends on operational factors. Management has not considered any residual value as it is deemed immaterial.

5 Significant accounting policies (continued)

5.18 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Leasehold improvements

Management determines the estimated useful life and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Entity will renew its annual lease over the estimated useful life of the asset. It could change significantly should the annual lease not be renewed. Management will increase the depreciation charge where the useful life is less than the previously estimated useful life.

Impairment of financial assets

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

Incremental borrowing rate for leases

The Entity uses incremental borrowing rate to measure lease liabilities if interest rate implicit in the lease is not readily determinable. Incremental borrowing rate represents the rate of interest that Entity would have to pay on funds necessary to obtain a similar asset, on similar term, with a similar security in a similar economic environment. The management estimates incremental borrowing rate using observable inputs and Entity specific estimates.

6 Property, plant and equipment

	Building and improvements	Plant and machinery	Motor vehicles	Furniture, fixtures, office equipments and others	Capital work-in-progress	Total
Cost						
As at December 31, 2019	109,770,290	415,243,356	3,945,780	2,496,841	4,717,500	536,173,767
Addition during the year	-	35,717	-	647,066	1,203,223	1,886,006
Transferred during the year	704,651	1,397,557	-	-	(2,102,208)	-
Transferred to intangible asset (note 7)	-	-	-	-	(2,877,080)	(2,877,080)
Written off during the year (note 28)	-	-	-	-	(334,807)	(334,807)
Disposals during the year	-	(5,574)	-	(5,485)	-	(11,059)
As at December 31, 2020	110,474,941	416,671,056	3,945,780	3,138,422	606,628	534,836,827
Addition during the year	-	51,069	82,900	446,640	659,597	1,240,206
Transferred during the year	9,000	682,072	-	11,500	(702,572)	-
Disposals during the year	-	-	-	(1,499)	-	(1,499)
As at December 31, 2021	**110,483,941**	**417,404,197**	**4,028,680**	**3,595,063**	**563,653**	**536,075,534**
Accumulated depreciation						
As at December 31, 2019	27,917,198	90,673,606	3,677,559	1,678,476	-	123,946,839
Charge for the year	5,125,291	18,475,052	48,671	359,708	-	24,008,722
Eliminated on disposals during the year	-	(5,295)	-	(2,767)	-	(8,062)
As at December 31, 2020	33,042,489	109,143,363	3,726,230	2,035,417	-	147,947,499
Charge for the year	5,067,358	18,127,267	32,220	380,331	-	23,607,176
Eliminated on disposals during the year	-	-	-	(1,036)	-	(1,036)
As at December 31, 2021	**38,109,847**	**127,270,630**	**3,758,450**	**2,414,712**	**-**	**171,553,639**
Carrying value as at December 31, 2021	**72,374,094**	**290,133,567**	**270,230**	**1,180,351**	**563,653**	**364,521,895**
Carrying value as at December 31, 2020	77,432,452	307,527,693	219,550	1,103,005	606,628	386,889,328

6 Property, plant and equipment (continued)

Notes:

- Building and improvements represent factory constructed on leasehold Plot no. 7, Block K, Habhab, Tawain - Fujairah - United Arab Emirates. The said plot is obtained on lease from Fujairah Municipality, Fujairah - United Arab Emirates. It also includes office improvements and fixtures in Citadel Tower, Dubai - United Arab Emirates.
- Property, plant and equipment are hypothecated to banks against credit facilities (note 21).
- Capital work-in-progress represents costs incurred for labor camp under construction and machinery under installation, pending capitalisation (note 34).
- Breakup of depreciation charged:

		For the year ended December 31,	
	Notes	**2021**	2020
Cost of revenue	25	**23,041,813**	23,513,381
Selling and distribution expenses	27	**207,142**	128,501
Administrative expenses	28	**358,221**	366,840
		23,607,176	24,008,722

7 Intangible asset

	2021	2020
The carrying value of the intangible asset is as follows:		
Cost		
Balance at the beginning of year	**10,791,333**	7,914,253
Transferred from capital work-in-progress (note 6)	**-**	2,877,080
Balance at the end of year	**10,791,333**	10,791,333
Accumulated amortisation		
Balance at the beginning of year	**1,239,541**	958,380
Amortisation for the year (note 25)	**291,627**	281,161
Balance at the end of year	**1,531,168**	1,239,541
Carrying value as at the end of the year	**9,260,165**	9,551,792

This represents cost of securing the lease of mines. The lease has an extended period of 50 years from the date it is initially secured. The Entity is amortising lease acquisition cost over the extended lease period from the commencement of its commercial operations.

8 Right-of-use assets

The carrying value of the right-of-use assets is as follows:

Cost	Land	Motor vehicles	Total
As at December 31, 2019	94,923,529	504,440	95,427,969
Addition during the year	-	173,126	173,126
As at December 31, 2020	94,923,529	677,566	95,601,095
Addition during the year	-	90,707	90,707
Elimination on completion of lease	-	(427,104)	(427,104)
As at December 31, 2021	**94,923,529**	**341,169**	**95,264,698**
Accumulated depreciation			
As at December 31, 2019	18,851,217	185,102	19,036,319
Charge for the year	5,880,632	200,218	6,080,850
As at December 31, 2020	24,731,849	385,320	25,117,169
Charge for the year	5,854,888	193,446	6,048,334
Elimination on completion of lease	-	(427,104)	(427,104)
As at December 31, 2021	**30,586,737**	**151,662**	**30,738,399**
Carrying value as at December 31, 2021	**64,336,792**	**189,507**	**64,526,299**
Carrying value as at December 31, 2020	70,191,680	292,246	70,483,926

	Notes	For the year ended December 31, 2021	2020
Cost of revenue	25	**5,883,782**	5,893,520
Selling and distribution expenses	27	**58,531**	65,028
Administrative expenses	28	**106,021**	122,302
		6,048,334	6,080,850

8 Right-of-use assets (continued)

The Entity recognised following right-of-use assets:

- Lease rights of land situated at Plot no. 7, Block K, Habhab, Tawain - Fujairah - United Arab Emirates on which factory building and plant and machinery are erected. The Entity has considered an effective lease period of 16.5 years ending on December 31, 2032 for the purpose of recognition of right-of-use asset. The said asset is amortised over the effective period of lease on straight line basis.
- Lease rights for motor vehicles are amortised over the effective period of lease.

9 Investment in a subsidiary

	Percentage of ownership interest			
	2021	2020	**2021**	2020
M/s. JK White Cement (Africa) Limited - Tanzania	**99.9%**	99.9%	**798,111**	798,111

The principal activity of the Entity is to trade in (export & import) all types of cement and other allied products.

The investment in a subsidiary has been separately accounted at cost in the separate financial statements in accordance with IAS 27 ("Separate Financial Statements"). The Entity also prepares consolidated financial statements in accordance with IFRS 10.

10 Inventories

	2021	2020
Raw materials	**8,548,874**	7,824,777
Fuel	**19,355,531**	6,448,969
Packing materials	**2,343,694**	1,447,939
Finished goods	**3,895,080**	2,283,132
Semi finished goods and work-in-progress	**10,149,150**	7,685,490
Spare parts and consumables	**10,444,235**	9,939,729
Less: Allowance for slow moving inventories	**(950,574)**	(426,080)
	53,785,990	35,203,956
Goods-in-transit	**1,973,571**	3,302,044
	55,759,561	38,506,000

Inventories are hypothecated against credit facilities (note 21).

Movement in allowance for slow moving inventories as at the reporting date is as follows:

Balance at the beginning of the year	**426,080**	-
Charge for the year (note 28)	**524,494**	426,080
Balance at the end of the year	**950,574**	426,080

11 Trade receivables

Trade receivables	**18,475,506**	19,061,505
Less: Allowance for expected credit loss	**(385,943)**	(385,943)
	18,089,563	18,675,562

Coverage:

Secured against bank guarantee	**5,455,189**	7,585,197
Secured against letter of credit/bill of lading	**3,745,132**	2,983,914
Secured against credit insurance and others	**7,639,537**	6,563,448
Open credits	**1,635,648**	1,928,946
	18,475,506	19,061,505

11 Trade receivables (continued)

The average credit period for the trade receivables is 60/120 days (2020: 60/120 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

The above trade receivables are assigned in favour of the bank on pari passu basis (note 21).

In determining the recoverability of trade receivables, the Entity considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

	2021	2020
Ageing of trade receivables:		
1 - 90 days	**13,932,203**	14,020,484
91 - 120 days	**2,056,453**	2,822,176
121 days and above	**2,486,850**	2,218,845
	18,475,506	19,061,505

Impairment of trade receivables:

The Entity applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected losses allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Expected credit loss rate	**2.09%**	2.02%
Estimated total gross carrying amount at default	**18,475,506**	19,061,505
Lifetime expected credit loss	**385,943**	385,943
Net carrying amount	**18,089,563**	18,675,562

The movements in the allowance for expected credit loss as at reporting date are as follows:

Balance at the beginning of the year	**385,943**	297,370
Charge during the year (note 28)	**-**	88,573
Balance at the end of the year	**385,943**	385,943

In determining the impairment loss on trade receivables, the Entity does not consider any changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The management has established a provision matrix that is based on its historic credit loss experience, adjusted for forward-looking information specific to the debtor and the overall economic environment.

Geographical analysis:

The geographical analysis of trade receivables are as follows:

Outside U.A.E.	**10,815,085**	11,246,800
Within U.A.E.	**7,660,421**	7,814,705
	18,475,506	19,061,505

12 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, "Related party disclosures". Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

12 Related party transactions (continued)	2021	2020
a) Due from related parties		
Ultimate parent		
M/s. J.K. Cement Ltd, Kanpur - India	**351,874**	1,655,052
Immediate parent		
M/s. J.K. Cement (Fujairah) FZC, Fujairah - U.A.E.	**46,607**	6,711
Subsidiary		
M/s. JK White Cement (Africa) Limited - Tanzania	**702,126**	609,701
	1,100,607	2,271,464
b) Advance from a related party		
Ultimate parent		
M/s. J.K. Cement Ltd, Kanpur - India	**2,642,500**	-
c) Loan to a related party		
Subsidiary		
M/s. JK White Cement (Africa) Limited, Tanzania*	**651,869**	789,588
The movements in loan to a related party as at reporting date are as follows:		
Balance at the beginning of the year	**789,588**	550,875
Add: Received during the year	**-**	238,713
Less: Repaid during the year	**(137,719)**	-
Balance at the end of the year	**651,869**	789,588
Comprising:		
Non-current portion	**190,970**	651,869
Current portion	**460,899**	137,719
	651,869	789,588

* The loans carry interest @7% per annum and is receivable over 3-4 years from disbursement date, in equal quarterly instalments commencing from December 31, 2021.

d) Transactions with related parties

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

	For the year ended December 31,	
	2021	2020
Revenue (note 24)	**18,099,667**	13,399,271
Commission income (note 26)	**129,965**	278,261
Interest income (note 26)	**49,744**	45,713
Interest on preference shares (note 29)	**447,941**	519,188
Business promotion and other expenses (note 27)	**1,038,115**	507,220
Reversal of director remuneration provision (note 26)	**-**	250,000
Directors' remuneration	**250,000**	250,000

13 Advances, deposits and other receivables

	2021	2020
Prepayments	**992,142**	983,833
Advance for capital assets	**942,232**	191,471
Advance to suppliers	**1,976,693**	2,142,257
Staff loans and advances	**511,058**	589,273
Deposits	**343,674**	124,905
VAT recoverable	**4,606,767**	2,222,956
	9,372,566	6,254,695

14 Cash and bank balances

	2021	2020
Cash in hand	**8,788**	16,575
Cash at banks	**983,972**	7,860,314
	992,760	7,876,889

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

15 Share capital

Authorised ordinary share capital of Entity is AED 185,000,000 (2020: AED 185,000,000), divided into 185,000 (2020: 185,000) equity shares of AED 1,000 each.

Issued and paid-up capital of Entity is AED 36,724,000 divided into 36,724 fully paid-up shares of AED 1,000 each. The detail of the shareholding as at the reporting date are as follows:

Names of shareholders	Domicile	Percentage	No. of shares	2021	2020
M/s. J.K. Cement (Fujairah) FZC	U.A.E.	90	33,052	**33,052,000**	33,052,000
Fujairah Investment Establishment (Government of Fujairah)	U.A.E.	10	3,672	**3,672,000**	3,672,000
		100	36,724	**36,724,000**	36,724,000

16 Compulsory convertible preference shares

Authorised compulsory convertible preference share capital of Entity is AED 85,000,000 (2020: AED 85,000,000), divided into 85,000 (2020: 85,000) shares of AED 1,000 each.

The Entity issued two classes of preference shares; compulsory convertible preference shares (CCPS) and redeemable preference shares (note 18). The compulsory convertible preference shares shall be mandatorily converted to ordinary equity shares with definitive timeframe and are issued in the same proportion as ordinary share capital. CCPS also carry non-discretionary cumulative coupon rate of 3% which is payable in cash with an option to convert in equivalent ordinary shares at the time of conversion. Therefore, CCPS are treated as compound instruments with both equity and liability component and have been classified in the separate financial statements accordingly. At the time of conversion, the Entity will issue 73,450 ordinary shares of AED 1,000 each against the equity component of compulsory convertible preference shares. As at the reporting date, the Entity has issued 73,450 compulsory convertible preference shares of AED 1,000 each.

	2021	2020
a) Equity component of compulsory convertible preference shares		
Balance at the beginning and end of the year	**52,426,891**	52,426,891

		2021	2020
16	**Compulsory convertible preference shares (continued)**		
b)	**Liability component of compulsory convertible preference shares**		
	Balance at the beginning of the year	**10,589,631**	12,273,943
	Amortization during the year	**(1,755,559)**	(1,684,312)
	Balance at the end of the year	**8,834,072**	10,589,631
17	**Accumulated (losses)**		
	Balance at the beginning of the year	**(244,862,751)**	(210,731,673)
	(Loss) for the year	**(39,083,630)**	(34,131,078)
	Balance at the end of the year	**(283,946,381)**	(244,862,751)
18	**Redeemable preference shares and application money**		
	Redeemable preference shares	**359,666,000**	272,504,000
	Redeemable preference shares application money	**69,778,492**	10,040,492
		429,444,492	282,544,492

Authorised redeemable preference share capital of Entity is AED 370,000,000 (2020: AED 370,000,000), divided into 370,000 (2020: 370,000) shares of AED 1,000 each.

In order to raise fund(s) for the repayments of the term loan and related interest, the Entity issued 359,666 (2020: 272,504) mandatorily redeemable preference shares of AED 1,000 each which are redeemable after 11 to 14 years and carry dividend @ 3% p.a.

During the year, the Entity issued further 87,162 (2020: 53,578) non-cumulative redeemable preference shares of AED 1,000 each which are redeemable after 11 to 14 years and carry non-cumulative dividend @ 3% p.a.
The redeemable preference shares do not carry right to vote, bear discretionary dividend, are redeemable in cash to the holders and are hence classified as financial liabilities. Entity has not accrued any dividend on above shares due to the non-availability of profits during the year.

Redeemable preference shares are subordinated against bank borrowings (note 21).

		2021	2020
19	**Employees' end of service benefits**		
	Balance at the beginning of the year	**3,819,812**	3,182,725
	Add: Charge for the year	**630,273**	828,511
	Less: Reversal during the year (note 26) *	**(378,540)**	-
	Less: Paid during the year	**(614,151)**	(191,424)
	Balance at the end of the year	**3,457,394**	3,819,812

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

*During the year, there was reduction in basic salaries of employees, which led to reversal of excess provision.

		2021	2020
20	**Dividend payable on preference shares**		
	Dividend payable on redeemable preference shares	**17,314,225**	17,314,225
	Dividend payable on compulsory convertible preference shares	**17,591,814**	15,388,314
		34,906,039	32,702,539

20 Dividend payable on preference shares (continued)

The dividend payable represents non-discretionary dividend payable on compulsory convertible and redeemable preference shares. The management has decided to pay the said dividend upon generation of profits which is not anticipated in next 12 months and therefore, the dividend payable has been classified as a non-current liability.

21 Bank borrowings	**2021**	2020
a) Due to banks		
Trust receipts	**19,010,140**	18,937,841
Bills discounted	**950,051**	2,153,510
Short term loan	**5,194,671**	-
	25,154,862	21,091,351
b) Term loans		
Balance at the beginning of the year	**204,333,835**	244,895,126
Less: Repaid during the year *	**(146,349,147)**	(40,561,291)
Balance at the end of the year	**57,984,688**	204,333,835

During the year ended December 31, 2021, the Entity paid additional instalments of AED 102,830,000. This was early settlement of instalments scheduled to be paid between April 01, 2023 and April 01, 2025.

* Repayment amount is stated net of AED 663,214 (2020: AED 221,071) being amortization of refinancing charges.

Comprising:		
Current portion	**35,443,272**	32,895,819
Non-current portion	**22,541,416**	171,438,016
	57,984,688	204,333,835

The above term loan carries interest 3.25% per annum over 6 months LIBOR and the principal amount is repayable in 35 variable quarterly instalments and interest amount in half yearly instalments commencing from July 01, 2016 and will be adjusted by the advance instalments paid by the Entity.

		2021	2020
Bank borrowings - short term liabilities			
Due to banks	(refer a)	**25,154,862**	21,091,351
Term loans	(refer b)	**35,443,272**	32,895,819
		60,598,134	53,987,170
Bank borrowings - long term liabilities			
Term loans	(refer b)	**22,541,416**	171,438,016
Total bank borrowings	(a + b)	**83,139,550**	225,425,186

Bank borrowings are secured by:

i) First pari passu charge over immovable and movable property, plant and equipment (note 6).
ii) Assignment of lease rights on factory and mining land.
iii) Assignment of insurance contracts.
iv) Corporate guarantees of M/s. J.K. Cement Ltd. - India and M/s. J.K. Cement (Fujairah) FZC - U.A.E.
v) Hypothecation of inventories (note 10).
vi) Assignment of trade receivables (note 11).
vii) Assignment of financial guarantees.
viii) Subordination of redeemable preference shares (note 18).

22 Lease liabilities	**2021**	2020
Balance at the beginning of the year	**101,784,605**	97,599,660
Addition during the year	**90,707**	173,127
Add: Interest charged during the year (note 29)	**4,041,887**	4,248,528
Less: Payments during the year	**(207,338)**	(236,710)
Balance at the end of the year	**105,709,861**	101,784,605

The above represents present value of lease payments of land and motor vehicles discounted at the rates ranging from 4.5% to 4.75% per annum.

Comprising:		
Current portion	**30,144,745**	21,295,117
Non-current portion	**75,565,116**	80,489,488
	105,709,861	101,784,605

Maturity profile of lease payments - contractual undiscounted cash flows:		
Less than 1 year	**33,969,062**	25,336,569
1 to 5 years	**36,699,108**	36,008,774
More than 5 years	**60,696,618**	70,129,932
	131,364,788	131,475,275

	For the year ended December 31,	
Amounts recognised in profit or loss:	**2021**	2020
Interest on lease liabilities (note 29)	**4,041,887**	4,248,528
Depreciation expense (note 8)	**6,048,334**	6,080,850
Payments not included in the measurement of the lease liability:		
Expenses related to short term leases	**1,224,599**	682,691
Net impact for the year	**11,314,820**	11,012,069
Amounts recognised in statement of cash flows:		
Total cash outflows for leases	**(1,431,937)**	(919,401)

23 Trade and other payables	**2021**	2020
Trade payables	**27,128,424**	22,822,587
Payable against capital assets	**383,292**	584,659
Advances from customers	**2,751,118**	721,608
Accrued expenses and provisions	**21,221,787**	16,695,673
VAT payable	**250,357**	118,423
	51,734,978	40,942,950

24 Revenue

24.1 Disaggregated revenue information

Set out below is the disaggregation of the Entity's revenue from contracts with customers.

	For the year ended December 31,	
	2021	2020
Segments		
Type of product		
Cement	**111,196,606**	95,133,213
Clinker	**39,554,280**	35,677,832
Value added products	**12,894,680**	8,367,642
Total revenue from contracts with customers	**163,645,566**	139,178,687
Geographical markets		
Sales : Outside U.A.E.	**133,177,493**	108,469,131
: Within U.A.E.	**30,468,073**	30,709,556
Total revenue from contracts with customers	**163,645,566**	139,178,687
Timing of revenue recognition		
Goods transferred at a point in time	**163,645,566**	139,178,687
Total revenue from contracts with customers	**163,645,566**	139,178,687

24.2 Performance obligations

The performance obligation is satisfied on delivery of clinker/cement/plaster in case of sales within U.A.E. and on shipping/delivery in case of sales outside U.A.E. depending upon the contractual terms agreed with the customers.

25 Cost of revenue

	For the year ended December 31,	
	2021	2020
Cost of goods sold		
Materials consumed	**63,933,315**	45,138,009
Utilities	**14,599,205**	11,851,034
Salaries and benefits	**15,341,424**	13,974,074
Other direct expenses	**6,690,872**	4,802,477
Depreciation on property, plant and equipment (note 6)	**23,041,813**	23,513,381
Depreciation on right-to-use assets (note 8)	**5,883,782**	5,893,520
Amortisation of intangible asset (note 7)	**291,627**	281,161
Manufacturing cost	**129,782,038**	105,453,656
Semi finished goods and work-in-progress at the beginning of the year	**7,685,490**	10,558,157
Semi finished goods and work-in-progress at the end of the year (note 10)	**(10,149,150)**	(7,685,490)
Cost of goods manufactured	**127,318,378**	108,326,323
Finished goods at the beginning of the year	**2,283,132**	1,886,540
Finished goods at the end of the year (note 10)	**(3,895,080)**	(2,283,132)
	125,706,430	107,929,731

		For the year ended December 31,	
		2021	2020
26	**Other income**		
	Commission income (note 12)	**132,588**	278,261
	Gain on disposal of property, plant and equipment	**-**	81
	Interest income (note 12)	**49,744**	45,713
	Reversal of director remuneration provision (note 12)	**-**	250,000
	Reversal of provision for end of service benefits (note 19)	**378,540**	-
	Miscellaneous receipts	**605,175**	415,880
		1,166,047	989,935
27	**Selling and distribution expenses**		
	Salaries and benefits	**7,684,800**	6,171,941
	Freight and handling expenses	**40,446,847**	26,838,478
	Sales royalty	**2,519,730**	2,306,631
	Business promotion and other expenses	**5,007,914**	4,161,828
	Depreciation on property, plant and equipment (note 6)	**207,142**	128,501
	Depreciation on right-of-use assets (note 8)	**58,531**	65,028
		55,924,964	39,672,407
28	**Administrative expenses**		
	Salaries and related benefits	**5,012,024**	5,219,068
	Rent	**436,089**	414,664
	Travelling and conveyance	**300,323**	227,235
	Legal and professional expenses	**1,226,236**	705,161
	Insurance	**696,921**	643,888
	Repairs and maintenance	**229,087**	167,530
	Communication	**277,526**	248,689
	Property, plant and equipment written off (note 6)	**-**	334,807
	Allowance for slow moving inventories (note 10)	**524,494**	426,080
	Allowance for expected credit loss (note 11)	**-**	88,573
	Depreciation on property, plant and equipment (note 6)	**358,221**	366,840
	Depreciation on right-of-use assets (note 8)	**106,021**	122,302
	Loss on disposal of property, plant and equipment	**463**	-
	Miscellaneous	**618,592**	441,518
		9,785,997	9,406,355
29	**Finance costs**		
	Interest on preference shares (note 12)	**447,941**	519,188
	Interest on lease liabilities (note 22)	**4,041,887**	4,248,528
	Bank interest and charges	**7,738,024**	12,273,491
		12,227,852	17,041,207

30 Financial instruments

a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 5 to the separate financial statements.

30 Financial instruments (continued)

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

	As at December 31,		As at December 31,	
	2021	2020	**2021**	2020
Financial assets	**Carrying amount**		**Fair value**	
Trade receivables	**18,089,563**	18,675,562	**18,089,563**	18,675,562
Due from related parties	**1,100,607**	2,271,464	**1,100,607**	2,271,464
Loan to a related party	**651,869**	789,588	**651,869**	789,588
Deposits and other receivables	**5,461,499**	2,937,134	**5,461,499**	2,937,134
Cash and bank balances	**992,760**	7,876,889	**992,760**	7,876,889
	26,296,298	32,550,637	**26,296,298**	32,550,637
Financial liabilities				
Liability component of compulsory convertible preference shares	**8,834,072**	10,589,631	**8,834,072**	10,589,631
Redeemable preference shares	**429,444,492**	282,544,492	**429,444,492**	282,544,492
Dividend payable on preference shares	**34,906,039**	32,702,539	**34,906,039**	32,702,539
Bank borrowings	**83,139,550**	225,425,186	**83,139,550**	225,425,186
Lease liabilities	**105,709,861**	101,784,605	**105,709,861**	101,784,605
Trade and other payables	**48,983,860**	40,221,342	**48,983,860**	40,221,342
	711,017,874	693,267,795	**711,017,874**	693,267,795

Financial instruments comprise of financial assets and financial liabilities.

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

Financial assets consist of cash and bank balances, due from related parties, loan to a related party, deposits and other receivables and trade receivables. Financial liabilities consist of liability component of compulsory convertible preference shares, trade and other payables, bank borrowings, dividend payable on preference shares, redeemable preference shares, lease liabilities and due to a related party.

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

c) *Valuation premise for financial instruments that are not measured at fair value on recurring basis*

The following methods and assumptions were used to estimate the fair values:

Receivables are evaluated by the Entity based on parameters such as interest rates, individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at reporting date, the carrying amounts of such receivables, were not materially different from their calculated fair values.

The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

31 Financial risk management objectives

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

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

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

a) *Foreign currency risk management*

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

The carrying amounts of the Entity's monetary assets and liabilities denominated in foreign currencies other than in Arab Emirates Dirham or currencies to which the Dirham is fixed are as follows:

	Amounts in foreign currency		**Equivalent amounts in AED**	
	2021	2020	**2021**	2020
Trade receivables				
Kenya Shillings	**10,542,080**	-	**342,190**	-
Bank balances				
Kenya Shillings	**1,359,398**	-	**44,125**	-
Trade payables				
Kenya Shillings	**19,339,765**	-	**627,758**	-

Foreign currency sensitivity analysis

The following table details the Entity's sensitivity to a 10% increase and decrease in the AED against the relevant foreign currencies. 10% is the sensitivity rate used for reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive or negative number below indicates an increase or decrease in profit or loss where the AED weakens 10% against the relevant currency. For a 10% strengthening of the AED against the relevant currency, there would be an equal and opposite impact on the profit or loss , and the balances below would be negative.

	Profit or loss (AED)	
Estimated impact on profit and loss due to fluctuation in:	**2021**	2020
Kenya Shillings	**24,144**	-

b) *Interest rate risk management*

The Entity's exposure to the risk of changes in market interest rates relates primarily to the Entity's borrowings with floating interest rates. The Entity's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

31 Financial risk management objectives (continued)

b) *Interest rate risk management (continued)*

<u>*Interest rate sensitivity analysis:*</u>

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used for reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the Entity's loss for the year then ended would (decrease)/increase by AED 415,748 (2020: (decrease)/increase by AED 1,127,126).

c) *Liquidity risk management*

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

The Entity has access to loans from its shareholders at its disposal to further reduce liquidity risk.

<u>*Liquidity and interest risk table:*</u>

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

	Interest bearing			**Non Interest bearing**			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at December 31, 2021			
Financial assets							
Trade receivables	-	-	-	-	18,089,563	-	18,089,563
Due from related parties	-	-	-	-	1,100,607	-	1,100,607
Loan to a related party	-	460,899	190,970	-	-	-	651,869
Deposits and other receivables	-	-	-	-	5,461,499	-	5,461,499
Cash and bank balances	-	-	-	992,760	-	-	992,760
	-	460,899	190,970	992,760	24,651,669	-	26,296,298

31 Financial risk management objectives (continued)

c) *Liquidity risk management (continued)*

Liquidity and interest risk table (continued)

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at December 31, 2021			
Financial liabilities							
Liability component of CCPS	-	-	8,834,072	-	-	-	8,834,072
Redeemable preference shares	-	-	429,444,492	-	-	-	429,444,492
Dividend payable on preference shares	-	-	34,906,039	-	-	-	34,906,039
Bank borrowings	-	60,598,134	22,541,416	-	-	-	83,139,550
Lease liabilities	25,151,840	4,992,905	75,565,116	-	-	-	105,709,861
Trade and other payables	-	-	-	-	48,983,860	-	48,983,860
	25,151,840	65,591,039	571,291,135	-	48,983,860	-	711,017,874
				As at December 31, 2020			
Financial assets							
Trade receivables	-	-	-	-	18,675,562	-	18,675,562
Due from related parties	-	-	-	-	2,271,464	-	2,271,464
Loan to a related party	-	137,719	651,869	-	-	-	789,588
Deposits and other receivables	-	-	-	-	2,937,134	-	2,937,134
Cash and bank balances	-	-	-	7,876,889	-	-	7,876,889
	-	137,719	651,869	7,876,889	23,884,160	-	32,550,637
Financial liabilities							
Liability component of CCPS	-	-	10,589,631	-	-	-	10,589,631
Redeemable preference shares	-	-	282,544,492	-	-	-	282,544,492
Dividend payable on preference shares	-	-	32,702,539	-	-	-	32,702,539
Bank borrowings	-	53,987,170	171,438,016	-	-	-	225,425,186
Lease liabilities	16,646,280	4,648,837	80,489,488	-	-	-	101,784,605
Trade and other payables	-	-	-	-	40,221,342	-	40,221,342
	16,646,280	58,636,007	577,764,166	-	40,221,342	-	693,267,795

31 Financial risk management objectives (continued)

d) *Credit risk management*

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

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are disclosed in notes 11 & 13 to the separate financial statements.

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

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

32 Capital risk management

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

The capital structure of the Entity consists of equity comprising issued capital, accumulated (losses) and equity component of compulsory convertible preference shares as disclosed in the financial statements.

	As at December 31,	
33 Contingent liabilities	**2021**	2020
Letter of guarantees	**2,346,725**	2,346,725

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

34 Commitments	As at December 31,	
	2021	2020
Commitment towards acquisition of property plant and equipment	**1,545,653**	748,171

35 Reclassification

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