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

Auditor's report and separate financial statements
For the year ended December 31, 2023

J.K. Cement (Fujairah) FZC

Fujairah - United Arab Emirates

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

General information

Principal Office Address	:	P.O. Box: 5325 Fujairah - United Arab Emirates
The Auditor	:	JRB Chartered Accountants P.O. Box: 117732 Dubai - United Arab Emirates
The Main Bank	:	Bank of Baroda

JRB
Chartered Accountants

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Ref: AR/2024/09365

Independent auditor's report

To,

The Shareholder
M/s. J.K. Cement (Fujairah) FZC
Fujairah - United Arab Emirates

Report on the audit of the seperate financial statements

Opinion

We have audited the accompanying separate financial statements of **M/s. J.K. Cement (Fujairah) FZC**, Fujairah - United Arab Emirates ("Entity") which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended December 31, 2023, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying seperate financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Emphasis of matter

We draw attention to Note (3.2) to the seperate financial statements which describes the status of the Entity's investment in M/s. JK Cement Works (Fujairah) FZC (the "Subsidiary"). The Subsidiary has incurred accumulated losses amounting to AED 335,994,571 as at the reporting date. This indicates material uncertainty about the Subsidiary's ability to continue as a going concern; the ability of the Subsidiary to generate adequate cash flows, either through operations or sale of assets and to settle outstanding liabilities affects the recoverability of the Entity's investment. Our opinion is not modified in this respect of this matter.

Other matter - Restriction on Use

As indicated above, the seperate financial statements is prepared to assist the shareholder in assessing the financial position and financial performance for the year ended December 31, 2023. Therefore, the seperate financial statements and related report may not be suitable for another purpose.

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Independent auditor's report to the shareholder of J.K. Cement (Fujairah) FZC (continued)

Responsibilities of management for the seperate financial statements

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

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

The management is responsible for overseeing the Entity 's financial reporting process.

Auditor's responsibilities for the audit of the seperate financial statements

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

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

- Identify and assess the risks of material misstatement of the seperate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the seperate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the seperate financial statements, including the disclosures, and whether the seperate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report to the shareholder of J.K. Cement (Fujairah) FZC (continued)

Auditor's responsibilities for the audit of the seperate financial statements (continued)

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

Report on other legal and regulatory requirements

We further confirm that,

1 We have obtained all the information and explanations which we consider necessary for our audit.

2 The seperate financial statements have been prepared and comply in all material respects with the applicable provisions of the above mentioned law and the Memorandum and Articles of Association of the Entity.

3 Proper books of accounts have been maintained by the Entity.

4 The Entity has not made any investments in shares and stocks during the year ended December 31, 2023.

5 Note 8 to the seperate financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.

6 Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the above mentioned law or the Memorandum and Articles of Association of the Entity, which would materially affect its activities or its financial position as at December 31, 2023.

For JRB Chartered Accountants

P.O. Box: 117732
DUBAI - U.A.E.
JRB CHARTERED ACCOUNTANTS

Rashmi Jain

Reg No. 2341

January 16, 2024

Dubai - United Arab Emirates

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

Statement of financial position as at December 31, 2023
(In Arab Emirates Dirham)

	Notes	**Dec 31, 2023**	Dec 31, 2022
Assets			
Non-current assets			
Investment in a subsidiary	5	**360,375,000**	360,375,411
Dividend receivable	6	**19,798,932**	35,130,007
Total non-current assets		**380,173,932**	395,505,418
Current assets			
Prepayments and other current assets		**11,168**	13,156
Bank balances		**15,339**	18,121
Total current assets		**26,507**	31,277
Total assets		**380,200,439**	395,536,695
Equity and liabilities			
Equity			
Share capital	9	**361,532,000**	319,030,000
Retained earnings / accumulated (losses)		**18,543,026**	(192,729,166)
Total equity		**380,075,026**	126,300,834
Non-current liabilities			
Redeemable preference share application money	8	**-**	269,139,478
Total non-current liabilities		**-**	269,139,478
Current liabilities			
Related parties	7	**118,238**	88,883
Accounts and other payables		**7,175**	7,500
Total current liabilities		**125,413**	96,383
Total liabilities		**125,413**	269,235,861
Total equity and liabilities		**380,200,439**	395,536,695

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

The report of the auditor is set out on pages 2 to 4.

The separate financial statements on pages 5 to 21 were approved on January 16, 2024 and signed on behalf of the Entity, by:

AK Saraogi   Prashant Seth

Authorised Signatory

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

Statement of profit or loss and other comprehensive income for the year ended December 31, 2023
(In Arab Emirates Dirham)

	Jan 01, 2023 to Dec 31, 2023	Jan 01, 2022 to Dec 31, 2022
Revenue	**1,983,150**	1,983,150
Administrative expenses:		
Professional fees	**(20,938)**	(32,875)
Trade license and other fees	**(10,081)**	(5,166)
Office rent	**-**	(4,210)
Bank charges	**(2,908)**	(2,903)
Reversal of dividend income	**(17,314,225)**	-
	(17,348,152)	(45,154)
(Loss) / profit after other income	**(15,365,002)**	1,937,996
Impairment (loss)	**(226,637,000)**	(64,078,550)
Reversal of impairment	**226,637,194**	-
Net (loss) for the year	**(15,364,808)**	(62,140,554)
Other comprehensive income	**-**	-
Total comprehensive (loss) for the year	**(15,364,808)**	(62,140,554)

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

The report of the auditor is set out on pages 2 to 4.

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

Statement of changes in equity for the year ended December 31, 2023
(In Arab Emirates Dirham)

	Share capital	Retained earnings / accumulated (losses)	Total equity
Balance as at January 01, 2022	319,030,000	(130,588,612)	188,441,388
(Loss) for the year	-	(62,140,554)	(62,140,554)
Balance as at December 31, 2022	319,030,000	(192,729,166)	126,300,834
(Loss) for the year	-	(15,364,808)	(15,364,808)
Capital issued during the year	269,139,000	-	269,139,000
Adjustment of losses	(226,637,000)	226,637,000	-
Balance as at December 31, 2023	**361,532,000**	**18,543,026**	**380,075,026**

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

The report of the auditor is set out on pages 2 to 4.

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

Statement of cash flows for the year ended December 31, 2023
(In Arab Emirates Dirham)

	Jan 01, 2023 to Dec 31, 2023	Jan 01, 2022 to Dec 31, 2022
Cash flows from operating activities		
(Loss) for the year	**(15,364,808)**	(62,140,554)
Adjustments for:		
Revenue from investment	**(1,983,150)**	(1,983,150)
Reversal of dividend receivable	**17,314,225**	-
Impairment (loss)	**226,637,000**	64,078,550
Reversal of impairment	**(226,637,194)**	-
Operating (loss) before changes in operating assets and liabilities	**(33,927)**	(45,154)
(Increase)/decrease in current assets		
Prepayments and other current assets	**1,988**	(525)
Increase/(decrease) in current liabilities		
Accounts and other payables	**(325)**	502
Related parties	**29,355**	42,276
Net cash (used in) operating activities	**(2,909)**	(2,901)
Cash flows from investing activities		
Investment in a subsidiary	**-**	(58,411,113)
Nat cash (used in) investing activities	**-**	(58,411,113)
Cash flows from financing activities		
Redeemable preference share application money	**(269,138,873)**	58,411,112
Capital introduced	**269,139,000**	
Net cash from financing activities	**127**	58,411,112
Net (decrease) in cash and cash equivalents	**(2,782)**	(2,902)
Cash and cash equivalents, beginning of the year	**18,121**	21,023
Cash and cash equivalents, end of the year	**15,339**	18,121
Cash and cash equivalents		
Cash at bank	**15,339**	18,121
	15,339	18,121

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

The report of the auditor is set out on pages 2 to 4.

1 Legal status and business activities

1.1 **M/s. J.K. Cement (Fujairah) FZC,** Fujairah - United Arab Emirates, (the "Entity") was incorporated as a Free Zone Company at Fujairah Free Trade Zone on February 11, 2008 in accordance with the provisions of United Arab Emirates Federal Law No. (8) of 1984 concerning commercial companies as amended and the Free Zone Regulations of the Emirate of Fujairah. The Entity was registered in the trade registry on February 11, 2008 under No. 08-FZC-731.

1.2 The Entity is licensed to carry on the business of trading and investment in cement and allied products.

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

1.4 The shareholders of the Entity are as follows:

i) M/s. J.K. Cement Ltd ("The Parent Entity") (A corporate legal entity formed under the laws of Republic of India).

ii) Mr. Ajay Kumar Saraogi (A citizen of Republic of India).

2 New standards and amendments

2.1 New standards and amendments applicable as on January 01, 2020

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 1, 2020.

- Amendments to IAS 1 and IAS 8 - Definition of Material
- Amendments to IFRS 3 - Definition of a Business
- Amendments to the Conceptual Framework for Financial Reporting
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
- Amendments to IFRS 16 - Covid-19 Related Rent Concessions

2.2 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, 2020.

Description	Effective for annual periods beginning on or after
Classification of Liabilities as Current or Non-Current - amendments to IAS 1	January 1, 2023
Property, Plant and Equipment - Proceeds before Intended Use - amendments to IAS 16	January 1, 2023
Onerous Contracts - Cost of Fulfilling a Contract - amendments to IAS 37	January 1, 2023
IFRS 17 - Insurance Contracts	January 1, 2023

2 New standards and amendments (continued)

2.2 New standards and amendments issued but not effective for the current annual period (continued)

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

3 Significant notes

3.1 Seperate financial statements

The separate financial statements have been prepared for reporting purposes. Therefore, these separate financial statements may not be suitable for any other purpose.

3.1 Material uncertainity

The Subsidiary has incurred accumulated losses amounting to AED 335,994,571 as at the reporting date. This indicates material uncertainty about the Subsidiary's ability to continue as a going concern; the ability of the Subsidiary to generate enough cash flows, either through operations or sale of assets, to settle outstanding liabilities and to return capital to investors in full, affect the recoverability of the Entity's investment. The subsidiary is in process of implementing turnaround plan in order to generate enough cash flow to overcome this situation. Moreover, the Entity and it's Parent has undertaken to provide financial support to the Subsidiary until such time its operation turns profitable and generate enough cash flow to satisfy its commitment.

4 Significant accounting policies

4.1 Statement of compliance

These financial statements for the year ended 31st December, 2023 has been prepared in accordance with International Accounting Standard and comply with the relevant Articles of the Company's Memorandum of Association and the UAE Federal Law No. (2) of 2015. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

4.2 Basis of preparation

The seperate financial statements have been prepared on the historical cost basis except for certain properties and 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 seperate financial statements are set out below.

4.3 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.

4 Significant accounting policies (continued)

4.3 Current/non-current classification (continued)

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.

4.4 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

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.

All assets and liabilities for which fair value is measured or disclosed in the seperate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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.

4.5 Foreign currency

The 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. The 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.

4.6 Investments in a subsidiary

The investments in subsidiary is accounted for using cost method as in complaince with IAS 27 “Separate financial statements”.

4 Significant accounting policies (continued)

4.7 Financial instruments

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

4.8 Financial assets

<u>Classifications</u>

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.

<u>Measurement</u>

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, receivables and other financial assets.

<u>Cash and cash equivalents</u>

Cash and cash equivalents comprise cash on hand and 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.

<u>Receivables</u>

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 uncollectable 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.

<u>Impairment of financial assets</u>

The Entity assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

4 Significant accounting policies (continued)

4.8 Financial assets (continued)

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.

4.9 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 and borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include accounts and other payables and bank borrowings.

Accounts and other payables

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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. Accounts and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Due to related parties

Amounts due to related parties are stated at amortised cost.

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.

4.10 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.

4.11 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.

4 Significant accounting policies (continued)

4.11 Provisions (continued)

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.

4.12 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.

4.13 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 are 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 year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period 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 seperate financial statements.

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.

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 seperate financial statements.

		Dec 31, 2023	Dec 31, 2022
5	**Investment in a subsidiary**		
5.1	**Investment in shares**		
	Balance as at beginning of the year	**481,537,413**	458,823,000
	Addition during the year	**105,474,587**	22,714,413
	Written off during the year	**(226,637,194)**	-
		360,374,806	481,537,413
	Less: Impairment in the value of investment	**194**	(226,637,194)
		360,375,000	254,900,219

This investment represent 100% redeemable preference shares and 90% equity shares in M/s. J.K. Cement Works (Fujairah) - FZC (The "Subsidiary"). The Subsidiary is fully controlled and managed by the Entity and is licensed to carry on the business of manufacturing all types of cements and allied products. The Investment in subsidiary has been accounted at cost in these separate special purpose financial statement in as an exemption to consolidate in accordance with IFRS 10 "Consolidated financial statements".

5.2	**Advance against share application money**		
	Balance at the beginning of the year	**105,475,192**	69,778,492
	Share application payments during the year	**-**	35,696,700
	Share allotment during the year	**(105,474,587)**	-
	Bank charges	**(605)**	-
		-	105,475,192

Amount paid on share application are treated under non-current assets as the said money, with greater probability, shall meet with final allotment of shares. The matter is pending formal approval of enhancement of capital from the government authorities.

Investment and application money (5.1 + 5.2)	360,375,000	360,375,411
Classification:		
Compulsory convertible preference shares (90% ownership)	**66,105,000**	66,105,000
Share capital (90% ownership)	**33,052,000**	33,052,000
Redeemable preference shares	**487,855,000**	487,855,605
Less: Accumulated impairment loss on investment	**(226,637,000)**	(226,637,194)
Total investment in subsidiary	360,375,000	360,375,411

6	**Dividend receivable**	**Dec 31, 2023**	Dec 31, 2022
	Balance at the beginning of the year	**35,130,007**	33,146,859
	Income for the year:		
	Interest income on convertible preference shares	**1,983,150**	1,983,148
	Reversed during the period/year	**(17,314,225)**	-
		19,798,932	35,130,007

This account represents non-discretionary dividend receivable on compulsory convertible and redeemable preference shares. The management of the Subsidiary has decided to pay interest upon generation of profits which is not anticipated within the next 12 months, thus the interest receivable has been classified as non-current in these special purpose financial statements. In 2019, the Subsidiary has converted its cumulative redeemable preference shares into non-cumulative redeemable preference shares. Accordingly, the subsidiary has not accrued any dividend on redeemable preference shares with effect from May 02, 2019. Furthermore, During the year, The Entity has written of dividend receivable amounting to AED 17,314,225.

During the year, the Entity has surrendered its right to 226,637 redeemable preference shares of value AED 1,000 each through board resolution and same was certified by Fujairah Chamber of Commerce & Industry. Further, the right to dividend receiveble of amount AED 17,314,225 was also surrendered. The decision to surrender the right was made in September 2023 whereas the approval of the decision was given in December 2023.

7 Related parties

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 are decided by the management with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

Due to a related party	**Dec 31, 2023**	Dec 31, 2022
J,K. Cement Works (Fujairah) FZC., Fujairah, U.A.E.	**118,238**	88,883

		Dec 31, 2023	Dec 31, 2022
8	**Redeemable preference share application money**		
8.1	**Non-cumulative redeemable preference shares**		
	3% Non-cumulative 11 Year Redeemable Preference Share	-	61,605,000
	3% Non-cumulative 12 Year Redeemable Preference Share	-	61,605,000
	3% Non-cumulative 13 Year Redeemable Preference Share	-	61,605,000
	3% Non-cumulative 14 Year Redeemable Preference Share	-	61,608,000
		-	246,423,000

8 Redeemable preference share application money (continued)

8.1 Non-cumulative redeemable preference shares (continued)

The Entity, in order to raise the funds for additional investment in J.K. Cement Works (Fujairah) FZC, issued redeemable preference shares which are redeemable after a definite time frame as detailed hereunder; and as such the transaction carry a contractual obligation to repay cash and therefore in accordance with IAS 32, these preference shares are treated as non current financial liability.

8.2 Non-cumulative redeemable preference shares application money

	Dec 31, 2023	Dec 31, 2022
At beginning of the year	**22,716,478**	58,760,366
Share application money received for the year	**-**	116,290,704
Share allotment - redeemable preference shares	**(22,716,000)**	(152,334,592)
Bank charges	**(478)**	-
Balance at the end of the year	**-**	22,716,478

The Entity received share application money from the Parent Entity, M/s. J.K. Cement Limited, India towards subscription for non-cumulative redeemable preference shares. The management believes that application shall meet with the approval from the authority and accordingly shares shall be issued equivalent to application money.

Redeemable preference shares application money (8.1 + 8.2)	**-**	269,139,478

9 Share capital

The Entity's issued and paid-up capital at the reporting date is made up of 588,169 shares of AED 1,000 each totaling to AED 588,169,000.

Authorised equity capital (Made up of 755,000 (PP: 440,000) ordinary shares of AED 1,000 each)	**755,000,000**	440,000,000
Authorised cumulative / non-cumulative compulsory convertible preference share capital (Made up of 75,000 shares of AED 1,000 each)	**75,000,000**	75,000,000
Authorised cumulative / non-cumulative redeemable preference share capital (Made up of 370,000 shares of AED 1,000 each)	**370,000,000**	370,000,000

9 Share capital (continued)

9.1 Ordinary equity shares

The Entity's issued and paid-up capital at the reporting date is made up of 588,169 shares of AED 1,000 each totaling to AED 588,169,000.

During the year, the Entity has surrendered its right to 226,637 redeemable preference shares of value AED 1,000 each through board resolution and same was certified by Fujairah Chamber of Commerce & Industry. Further, the right to dividend receiveble of amount AED 17,314,225 was also surrendered. The decision to surrender the right was made in September 2023 whereas the approval of the decision was given in December 2023.

	Dec 31, 2023	Dec 31, 2022
Ordinary equity shares	**319,030,000**	319,030,000
Capital issued during the year	**269,139,000**	-
Adjustment of losses	**(226,637,000)**	-
	361,532,000	319,030,000

10 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 4 to the seperate financial statements.

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

	Dec 31, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Financial assets	**Carrying amount**		**Fair value**	
Dividend receivable	**19,798,932**	35,130,007	**19,798,932**	35,130,007
Bank balances	**15,339**	18,121	**15,339**	18,121
	19,814,271	35,148,128	**19,814,271**	35,148,128
Financial liabilities				
Related parties	**118,238**	88,883	**118,238**	88,883
Redeemable preference share application money	**-**	269,139,478	**-**	269,139,478
	118,238	269,228,361	**118,238**	269,228,361

10 Financial instruments

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

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 dividend receivable and cash and bank balances. Financial liabilities consist of due to a related party and redeemable preference share application money.

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

11 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*

There are no significant exchange rate risks, as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirham or US Dollar to which the Arab Emirates Dirham is fixed.

b) *Interest rate risk management*

As at the reporting date, there is no significant interest rate risk as there are no borrowings at floating interest rates as at year end.

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 interest free loans from its shareholder at its disposal to further reduce liquidity risk.

Liquidity and interest risk table:

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 financial position date based on contractual repayment arrangements were shown on the following page:

11 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, 2023			
Financial assets							
Dividend receivable	-	-	-	-	-	19,798,932	19,798,932
Bank balances	-	-	-	15,339	-	-	15,339
	-	-	-	15,339	-	19,798,932	19,814,271
Financial liabilities							
Related parties	-	-	-	-	118,238	-	118,238
	-	-	-	-	118,238	-	118,238
				As at December 31, 2022			
Financial assets							
Dividend receivable	-	-	-	-	-	35,130,007	35,130,007
Bank balances	-	-	-	18,121	-	-	18,121
	-	-	-	18,121	-	35,130,007	35,148,128
Financial liabilities							
Redeemable preference share application money	-	-	-	-	-	269,139,478	269,139,478
Related parties	-	-	-	-	88,883	-	88,883
	-	-	-	-	88,883	269,139,478	269,228,361

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.

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 seperate financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

12 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 and retained earnings as disclosed in the seperate financial statements.

13 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's seperate financial statements as of reporting date.

14 Commitments

Except for the ongoing business obligations which are under normal course of business, there has been no other known commitment on Entity's seperate financial statements as of reporting date.