

ZUARI INFRA MIDDLE EAST LIMITED

Financial Statements

31 March 2021

ZUARI INFRA MIDDLE EAST LIMITED

Financial Statements
31 March 2021

<u>CONTENTS</u>	<u>PAGES</u>
Directors' Report	1
Independent Auditor's Report	2 – 3
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 – 18

ZUARI INFRA MIDDLE EAST LIMITED
Directors' Report

The directors submit their report, together with the audited financial statements, for the year ended 31 March 2021.

Results and appropriations

The results of the company and the appropriations made for the year ended 31 March 2021 are set out on pages 5 and 6 of the financial statements.

In my opinion, the financial statements set out on pages 4 to 18 are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2021, the financial performance, changes in equity and cash flows of the company for the year then ended in accordance with International Financial Reporting Standards and the provisions of Jebel Ali Free Zone Authority.

At the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Review of the business

The company continue to provide funds for residential real estate development project being undertaken by the subsidiary company on which interest income is earned during the year. The company has waived management fee charge to the subsidiary company for the year.

Events since the end of the year

There were no important events which have occurred since the year-end that materially affect the company.

Shareholder and its interest

The shareholder at 31 March 2021 and its interest as at that date in the share capital of the company was as under:

	<u>No. of shares</u>	<u>AED</u>
Zuari Infraworld India Limited, India	<u>10,000</u>	<u>10,000</u>

Directors

The directors who served during the year were as follows:

- Vinay Varma
- Venkatesan Subramanian

Auditor

A resolution to re-appoint the auditor and fix their remuneration will be put to the board at the annual general meeting.



Vinay Varma
DIRECTOR



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ZUARI INFRA MIDDLE EAST LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ZUARI INFRA MIDDLE EAST LIMITED** (the “company”), which comprise the statement of financial position as at 31 March 2021, 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, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **ZUARI INFRA MIDDLE EAST LIMITED** as at 31 March 2021, 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 Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (“IESBA” Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and the Jebel Ali Free Zone Authority, 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 audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and regulations issued by the Jebel Ali Free Zone Authority and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ZUARI INFRA MIDDLE EAST LIMITED***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

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

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

Report on Other Legal and Regulatory Requirements

Also, in our opinion, proper books of account have been kept by the company and the information contained in the Directors' Report relating to these financial statements is in agreement with the books of accounts. According to the information available to us, there were no violations of the laws of Jebel Ali Free Zone Authority Offshore Companies Regulations or the Articles of Association of the company which would have had a material effect on the business of the company or on its financial performance.

Signed by:
C. D. Shah
Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

6 May 2021

Dubai, United Arab Emirates



ZUARI INFRA MIDDLE EAST LIMITED

Statement of Financial Position
as at 31 March 2021

	<i>Notes</i>	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
ASSETS			
Cash and cash equivalents	5	415	1,323
VAT receivable		1,473	1,390
Account receivable	6	9,740,000	9,740,000
Due from a subsidiary	7	41,343,724	19,174,399
Other receivable	8	78,750	183,750
Investment in a subsidiary	9	147,000	147,000
Property, plant and equipment	10	-	-
Total assets		<u>51,311,362</u>	<u>29,247,862</u>
LIABILITIES AND EQUITY			
Liabilities			
Accruals		14,325	22,500
Due to a related party	11	940,425	879,155
Vehicle loan	7 & 8	78,750	352,055
Loan from parent shareholder company	12	49,866,032	25,634,891
Total liabilities		<u>50,899,532</u>	<u>26,888,601</u>
Equity			
Shareholder's funds			
Share capital	13	10,000	10,000
Retained earnings		401,830	2,349,261
Equity funds		<u>411,830</u>	<u>2,359,261</u>
Total liabilities and equity		<u>51,311,362</u>	<u>29,247,862</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

For and on behalf of the board of directors:



Vinay Varma
DIRECTOR



ZUARI INFRA MIDDLE EAST LIMITED

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2021

	<i>Notes</i>	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Revenue	14	<u>4,432,547</u>	<u>829,756</u>
Foreign exchange gain		-	2,116,872
Expenditure			
Legal and professional fees		(25,270)	-
Foreign exchange loss		(1,347,858)	-
Finance costs (net)	15	<u>(5,006,850)</u>	<u>(2,628,302)</u>
Total expenditure		<u>(6,379,978)</u>	<u>(2,628,302)</u>
(Loss) / profit for the year		(1,947,431)	318,326
Other comprehensive income		-	-
Total comprehensive (loss)/ income for the year		<u>(1,947,431)</u>	<u>318,326</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED

Statement of Changes in Equity
for the year ended 31 March 2021

	<i>Share capital AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 31 March 2019	10,000	2,030,935	2,040,935
Profit for the year	—	<u>318,326</u>	<u>318,326</u>
As at 31 March 2020	10,000	2,349,261	2,359,261
Loss for the year	—	<u>(1,947,431)</u>	<u>(1,947,431)</u>
As at 31 March 2021	<u>10,000</u>	<u>401,830</u>	<u>411,830</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED

Statement of Cash Flows
for the year ended 31 March 2021

	<i>Note</i>	2021 AED	2020 AED
<u>Cash flows from operating activities</u>			
(Loss)/ profit for the year		(1,947,431)	318,326
Adjustments for:			
Finance costs (net)		5,036,877	3,112,596
Interest income from a subsidiary		(4,432,252)	(829,442)
Exchange loss / (gain)		<u>1,347,858</u>	<u>(2,116,872)</u>
Operating profit before working capital changes		5,052	484,608
(Increase)/ decrease in other receivable		104,917	113,900
Increase/(decrease) in accruals		<u>(8,175)</u>	<u>-</u>
Net cash from / (used in) operating activities		<u>101,794</u>	<u>598,508</u>
<u>Cash flows from financing activities</u>			
(Payments) of vehicle loans (net)		(273,305)	(270,521)
Funds received from /(paid to) due to a related party		-	(78,492)
Funds received from /(paid to) subsidiary		(17,737,073)	(9,681,570)
Finance costs paid (net)		(833)	(2,722)
Proceeds from loan from parent shareholder company		<u>17,908,509</u>	<u>9,402,355</u>
Net cash from / (used in) financing activities		<u>(102,702)</u>	<u>(630,950)</u>
Net increase/ (decrease) cash and cash equivalents		(908)	(32,442)
Cash and cash equivalents at the beginning of the year		<u>1,323</u>	<u>33,765</u>
Cash and cash equivalents at the end of the year	5	<u><u>415</u></u>	<u><u>1,323</u></u>

The notes on pages 8 to 18 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements
for the year ended 31 March 2021****1. Legal status and activities**

ZUARI INFRA MIDDLE EAST LIMITED (the “company”) is a private limited liability international company incorporated under the Jebel Ali Free Zone Offshore Companies Regulations of 2003 with Zuari Infracore India Limited, India as its sole shareholder (Parent company).

The registered address of the company is P.O. box 114429, Dubai, United Arab Emirates. The operating and administrative activities are carried out from a premise of a wholly owned subsidiary located at Office No 2207, The Exchange tower, Business Bay, P O Box 27508, Dubai, U.A.E

The ultimate parent company is Zuari Global Limited, India, an entity incorporated under the law of India.

The company is engaged in providing management and financial support to its wholly owned subsidiary which is engaged in developing a residential real estate project with the estimated cost of AED 700 million (approx.) in Burj District, Emirate of Dubai, U.A.E. The development project is expected to be completed by 2023-24.

2. Basis of preparation

These financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent of a group.

The accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The continuation of the company as a going concern is dependent upon the parent companies to provide the necessary financial support.

In the opinion of the management, the going concern assertion remains appropriate for the following reasons:

- The parent companies have full confidence in the successful completion/launch of the project.
- Timely funds are raised and provided to the subsidiary company to meet with its funding requirements.
- As per the revised forecast prepared by the management, the operating and financial performance are positive and profitable.
- Key executive management is in place with the parent and subsidiary companies.
- There are no changes in government legislation that may adversely affect the company.

Statement of compliance

The financial statements have been prepared under accrual basis of accounting in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of U.A.E. laws.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The financial statements are presented in U.A.E Dirhams (AED), being the company’s functional and presentation currency.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

Basis of preparation (cont'd)

Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 4.

Impact of COVID-19

Since early January 2020, the COVID-19 outbreak has spread across the globe and is causing ongoing disruption to business and economic activity, resulting in substantial government and central bank relief actions and support measures in many countries to protect the economy. There has not been any material impact on the co's business performance as of 31 March 2021, however the company will continue to monitor the situation as it evolves in order to assess any potential financial impact.

Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised IFRSs applied on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2020, have been adopted in these financial statements.

The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

- *Amendments to IFRS 3* - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.
- *Amendments to IAS 1 and IAS 8* – These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies changes in accounting estimates and errors and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.
- *Amendments to IFRS 9, IAS 39 and IFRS 7* - Interest rate benchmark reform - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.
- *Amendments to Conceptual framework* – The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements for the year ended 31 March 2021

Application of new and revised International Financial Reporting Standards (IFRSs) (cont'd)

- increasing the prominence of stewardship in the objective of financial reporting
 - reinstating prudence as a component of neutrality
 - defining a reporting entity, which may be a legal entity, or a portion of an entity
 - revising the definitions of an asset and a liability
 - removing the probability threshold for recognition and adding guidance on derecognition
 - adding guidance on different measurement basis, and
 - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.
- *Amendments to IFRS 16, 'Leases' – Covid-19 related rent concessions* – As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees.

Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

New and revised IFRS in issue but not yet effective and not early adopted

- *Amendments to IAS 1, Presentation of financial statements' on classification of liabilities (Effective date 1 January 2022)* – These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the company or events after the reporting period (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The above stated new standards and amendments are not expected to have any significant impact on financial statements of the company.

3. Summary of significant accounting policies

The accounting policies, which are consistent with those used in the previous year except for the new standards effective 1 April 2020, in dealing with items that are considered material in relation to the financial statements are as follows:

Property, plant and equipment

Property, plant and equipment are stated at cost together with any related expenses of acquisition or less accumulated depreciation and impairment if any.

Depreciation is charged using the straight-line method whereby the cost of an asset is depreciated over its estimated useful life of three years.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2021***Summary of significant accounting policies (cont'd)****Investment in a subsidiary**

Subsidiaries are the entities over which the company has the power to govern the financial and operating policies. Investment in a subsidiary is accounted for at cost less provision for impairment in value of the investments, if any. Dividend income is recognized in the statement of profit or loss and other comprehensive income when dividend is declared by the subsidiary out of the profits made subsequent to the date of acquisition.

Financial instruments

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

Financial assets are derecognized when the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are derecognized when they are extinguished, cancelled or expired.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The company's financial assets include financial asset measured at amortized cost comprising account receivable, due from a subsidiary and bank balance.

Account receivable

Account receivable are stated at original invoice amount less provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad debts are written off as they arise

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balance in current accounts that is readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The company's financial liabilities include vehicle loan, loan from parent shareholder company, due to parent companies and accruals.

Other payables

Liabilities are recognized for amounts to be paid in the future for services received, whether invoiced or not.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2021***Summary of significant accounting policies (cont'd)*****Offsetting***

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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Value added tax

Expenses and assets are recognized net of the amount of value added tax, except

- When the value added tax incurred on a purchase of assets or services is not recoverable from the Federal Taxation Authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the Federal Taxation Authority is included as part of receivables or payables in the statement of financial position.

Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is reduced for estimated returns, rebates and other similar allowances.

Management fees

Management fees principally relate to project management services provided in line with the terms of arrangement/ agreement following the accrual basis and is recognized in the period to which the services relate.

Interest income

Revenue from interest income is recognized on a time-proportion basis using the effective interest method.

Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable than an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Borrowing costs

Borrowing costs as incurred and directly attributable to the project development and on behalf of related entities are recharged to the respective entities.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2021***Summary of significant accounting policies (cont'd)****Foreign currency transactions**

Transactions in foreign currencies are converted into U.A.E Dirhams at the rate of exchange ruling as on date of transaction.

Assets and liabilities expressed in foreign currencies are translated into U.A.E Dirhams at the rate of exchange ruling at the date of statement of financial position.

Resulting gain or loss is taken to the statement of profit or loss and other comprehensive income.

4. Significant judgment employed in applying accounting policies and key sources of estimation uncertainty**4.1 Significant judgment employed****Impairment of non-financial assets**

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any of such indication exists, the company estimates the asset's recoverable amount which is the higher of fair value less costs to sell and value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

4.2 Key sources of estimation uncertainty

Key assumptions made 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 as follows:

Impairment of accounts receivable

An estimation of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of past time due, based on anticipated recovery rates.

Impairment of other receivables

Management regularly undertakes a review of the amounts of other receivables and assess the likelihood of non-recovery. Such assessment is based upon the age of the debt, historic recovery rates and assessed credit worthiness of the receivable. Based on the assessment assumptions are made as to the level of provisioning required.

5. Cash and cash equivalents

This represents balance in current accounts with a bank.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2021

6. Account receivable

This represents management consultancy fees receivable from the company's wholly owned subsidiary as per terms of arrangement/ agreement over the tenure of the project.

The company's average credit period is 0-180 days after which receivable is considered to be past due. As at 31 March 2021, the aging of a receivable is as follows:

	<i>Total AED</i>	<i>> 4 years AED</i>
2021	9,740,000	9,740,000
Provision	-	-
Net of provision	9,740,000	9,740,000

Although receivable is long past due, they are considered good and recoverable by the management. The company has waived management fees charge for the year. The balance is unsecured and free of interest charge.

7. Due from a subsidiary

	<i>2021 AED</i>	<i>2020 AED</i>
Project funding	41,343,724	19,006,094
Vehicle loan	-	168,305
	<u>41,343,724</u>	<u>19,174,399</u>

This represents 15 % (previous year 0 to 15%) per annum interest bearing funds advanced to a subsidiary company to meet with its project development expenditure without any fixed repayment schedule. Vehicle loan liability pertains to vehicles purchased by the subsidiary company availing credit line facility of the company which are repaid fully during the year.

8. Other receivable

This represents vehicle loan liability of AED 78,750/- (previous year AED 183,750/-) for the purchase of vehicle by Adventz Trading DMCC which is repayable by December 2021.

9. Investment in a subsidiary

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>% of Ownership</i>		<i>2021 AED</i>	<i>2020 AED</i>
		<i>De jure</i>	<i>De facto</i>		
Zuari Infracore S J M Properties L.L.C.	U.A.E.	49	100	<u>147,000</u>	<u>147,000</u>
Share of net book value				<u>(5,020,780)</u>	<u>(4,274,690)</u>

By virtue of control, Zuari Infracore S J M Properties L.L.C. is considered to be a wholly owned subsidiary of the company. The subsidiary company is engaged in long term real estate development project which is expected to be completed by the year 2023-24.

In the opinion of the management, no impairment in the value of the investment is considered necessary as diminution in the net asset value is not of a permanent nature.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2021

10. Property, plant and equipment		<i>Office equipment AED</i>
Cost		
As at 01.04.2020		<u>3,226</u>
As at 31.03.2021		<u>3,226</u>
Accumulated depreciation		
As at 01.04.2020		<u>3,226</u>
As at 31.03.2021		<u>3,226</u>
Net book value		
As at 31.03.2021		<u>—</u>
As at 31.03.2020		<u>—</u>
11. Due to a related party		
This represent amount payable to a related party on account of guarantee commission and related expenses.		
	<i>2021 AED</i>	<i>2020 AED</i>
Zuari Infraworld India Limited, Parent shareholder Company	<u>940,425</u>	<u>879,155</u>
12. Loan from parent shareholder company		
This represents unsecured and 15% (<i>previous year 14%</i>) per annum interest bearing loan from Zuari Infraworld India Limited which is repayable not later than six years from drawdown.		
	<i>2021 AED</i>	<i>2020 AED</i>
13. Share capital		
Authorized, issued and paid up		
10,000 shares of AED 1 each	<u>10,000</u>	<u>10,000</u>
14. Revenue		
Management fees- <i>subsidiary company</i> *	-	-
Interest income from a subsidiary	4,432,252	829,442
Interest income from bank	295	314
	<u>4,432,547</u>	<u>829,756</u>
*Waived during the year.		
15. Finance costs		
Guarantee commission charges	-	484,294
Loan processing charges	30,027	-
	<u>30,027</u>	<u>484,294</u>
Less: Recharged to the subsidiary company	<u>(30,027)</u>	<u>(484,294)</u>
	-	-
Interest on loan from parent shareholder company	5,006,017	2,625,580
Bank charges	833	2,722
	<u>5,006,850</u>	<u>2,628,302</u>

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2021

16. Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximizing the return to the shareholder through optimization of the debt and equity balance.

The capital structure of the company comprises net debt (comprising interest bearing loans less cash and cash equivalents) and equity (comprising share capital and retained earnings).

17. Related party transactions and balances

The company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard-24: Related Party Disclosures.

The related parties with whom the company had significant transactions during the year and have year-end balances are as under:

- Zuari Global Limited, India – *Ultimate parent company*
- Zuari Infracore India Limited, India – *Parent shareholder company*
- Zuari Infracore S J M Properties L.L.C, U.A.E. – *Subsidiary company*
- Adventz Trading DMCC, U.A.E – *Enterprise under significant influence of key managerial personnel*

The company receives/provides funds with or without interest from/to related parties as and when required to meet with its subsidiary company's project funding requirements.

Significant transactions with related parties during the year were as under:

		<i>Parent shareholder company AED Dr/(Cr)</i>	<i>Subsidiary company AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
<u>Transactions:</u>				
Management fees *	2021	-	-	-
	2020	-	-	-
Interest income	2021		(4,432,252)	(4,432,252)
	2020	-	(829,442)	(829,442)
Interest on loan	2021	5,006,017	-	5,006,017
	2020	2,625,580	-	2,625,580
Recharge of finance costs	2021	-	(30,027)	(30,027)
	2020	-	(484,294)	(484,294)

* Waived during the year

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2021

Related party transactions and balances (cont'd)

At the date of statement of financial position, balances with related parties were as follows:

		<i>Enterprise under significant influence ("ESI") AED Dr/(Cr)</i>	<i>Parent shareholder company AED Dr/(Cr)</i>	<i>Subsidiary company AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
<u>Balances:</u>					
Account receivable	2021	-	-	9,740,000	9,740,000
	2020	-	-	9,740,000	9,740,000
Other receivable	2021	78,750	-	-	78,750
	2020	183,750	-	-	183,750
Funding balance	2021	-	(940,425)	41,343,724	40,403,299
	2020	-	(879,155)	19,174,399	18,295,244
Unsecured Loan	2021	-	(49,866,032)	-	(49,866,032)
	2020	-	(25,634,891)	-	(25,634,891)

18. Financial instruments: Credit, liquidity and market risk exposures

Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk comprise principally of accounts receivable, advance to a subsidiary and bank balance in current accounts. The company's bank balance in a current accounts is placed with a high credit quality financial institution. Accounts receivable and advance to a subsidiary are not perceived as a credit risk. There are no significant concentrations of credit risk from receivables outside the industry in which the company operates.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the management and parent companies who ensures that sufficient funds are made available to the company to meet the commitments as they fall due. Although, short term payables are perceived as a liquidity risk, adequate steps are taken by the management and the parent companies to timely meet with the funding requirements.

The following are the contractual maturities of the company's financial liabilities as of 31 March 2021.

	<i>Carrying amounts AED</i>	<i>Payable within next 12 months AED</i>	<i>Between 2 to 5 years AED</i>
Accruals	14,325	14,325	-
Due to a related party	940,425	940,425	-
Vehicle loan	78,750	78,750	-
Loan from parent shareholder company	49,866,032	-	49,866,032
	<u>50,899,532</u>	<u>1,033,500</u>	<u>49,866,032</u>

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2021**Financial instruments: Credit, liquidity and market risk exposures (cont'd)****Market risk**

Market risk is the risk that changes in market prices, such as interest rate risk and currency risk, will affect the company's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Vehicle loans and loan to subsidiary company are at fixed rate.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Except for the following, there are no significant currency risks as substantially all financial assets and financial liabilities are denominated in U.A.E Dirham or US Dollars to which the U.A.E Dirham rate is fixed.

	<i>2021</i> <i>Equivalent</i> <i>AED</i>	<i>2020</i> <i>Equivalent</i> <i>AED</i>
Foreign currency financial liabilities		
Loan from parent shareholder company		
INR	49,866,032	25,634,891
Due to related party		
INR	940,425	879,155

19. Financial instruments: Fair values

The fair values of the company's financial assets, comprising accounts receivable, due from a subsidiary, investment in a subsidiary and bank balance and financial liabilities comprising vehicle loans, due to a subsidiary company, due to parent company and accruals approximate to their carrying values.

20. Contingent liabilities and capital commitments

There were no contingent liabilities and capital commitments outstanding at the date of statement of financial position.

21. Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassification does not affect the previously reported profit/(loss), net assets or equity of the company.

22. Approval of the financial statements

The financial statements were approved by the board of directors and authorised Mr. Vinay Varma to sign on behalf of the board on 6 May 2021.