

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Financial Statements

31 March 2020

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

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ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Managing Director's Report

The Managing Director submits his report, together with the audited financial statements, for the year ended
31 March 2020.

Results and appropriations

The results of the company and the appropriations made for the year ended 31 March 2020 are set out on pages 7 and 8 of the financial statements.

In my opinion, the financial statements set out on pages 6 to 22 are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the company for the year then ended in accordance with the International Financial Reporting Standards and the provisions of the U.A.E Federal Law No. 2 of 2015.

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 carried out following activities during the year pertaining to the residential project being pursued since the years 2014-15:

- Completed the shoring work and commenced the piling work towards the year-end.
- Term loan obtained from Yes Bank Limited during the previous year was utilized to settle the unsecured promoter loan and for project related expenses for construction of newly named project "St. Regis Residences" in Dubai. The said banker has withdrawn undrawn facility amount at the year-end which the company is negotiating with them. The management is exploring other avenues for raising funds for the completion of the project.
- The company has obtained financial support from all the related parties till the completion of the project and delayed payment facility from the creditors.
- Project title changed from "Adventz Tower" to "St Regis Residences" by entering into an agreement with Luxury Hotels International Management Company B.V. for use of license the "St Regis" brand in connection with the sale and management of residencies.
- Since no major work carried out during the year, valuation as of 31 March 2020 not considered necessary. The variation in the carrying value, if any, as per the accounts and valuer report in respect of non-qualifying expenditure will be appropriately dealt upon revise valuation report on or before 30 September 2020.
- Negotiations are made for the appointment of main contractor and contract will be awarded during the Quarter 2 of 2020-21.
- Due to significant delay, the company was required to resubmit the project details and seek approval/extension from authorities which will happen before the end of second quarter of 2020-21.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Managing Director's Report (cont'd)****Partners and their interests**

The partners at 31 March 2020 and their interests as at that date in the share capital of the company were as under:

	<i>No. of shares</i>	<i>AED</i>
Dubai Holdings LLC	153	153,000
Zuari Infra Middle East Limited	<u>147</u>	<u>147,000</u>
	<u>300</u>	<u>300,000</u>

The partners, in their annual general assembly, have resolved not to dissolve the company as required by U.A.E. Federal Law No. 2 of 2015.

Auditors

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

Vinay Varma
MANAGING DIRECTOR

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Report on the Audit of the Financial Statements

Opinion

We have audited the standalone financial statements of **ZUARI INFRAWORLD S J M PROPERTIES L.L.C** (the "company"), which comprise the statement of financial position as at 31 March 2020, 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, read with note 2, present fairly, in all material respects, the financial position of **ZUARI INFRAWORLD S J M PROPERTIES L.L.C** as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with the 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the association 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 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.

Emphasis of matter

Without qualifying our audit opinion, we draw attention to notes 11 and 28 to the financial statements, which state that there are no major construction work activities carried out during the year and due to uncertainties associated with the impact of Global pandemic COVID - 2019, management has not considered it appropriate to carry out a detailed valuation of development work in progress as of 31 March 2020 by an external professional valuer which will be carried out before the end of second quarter of FY 2020-21.

The consequent adjustments, if any, in the carrying value of the assets and equity deficit will be made upon completion of valuation as mentioned above.

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 the U.A.E. Federal Law No. 2 of 2015, 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.

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Auditors' Responsibilities for the Audit of the Financial Statement

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 auditors' 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:

- 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 auditors' 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 auditors' 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

Further, as required by the U.A.E. Federal Law No. 2 of 2015, we report that:

- 1) We have obtained all the information we considered necessary for the purpose of our audit;

**INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF
ZUARI INFRAWORLD S J M PROPERTIES L.L.C**

Report on Other Legal and Regulatory Requirements (cont'd)

- 2) The financial statements have been prepared and comply, in all material respects, with applicable provisions of the U.A.E. Federal Law No. 2 of 2015;
- 3) The company has maintained proper books of accounts;
- 4) The financial information included in the Managing Director's report is consistent with the books of accounts of the company;
- 5) The company has not invested in shares during the financial year ended 31 March 2020;
- 6) Note 22 to the financial statements discloses material related party transactions and the terms under which they were conducted; and
- 7) Based on the information that has been made available to us, except for the fact of non-compliance of Article 301 of U.A.E. Federal Law No. (2) of 2015 in respect of its accumulated losses position, nothing has come to our attention which causes us to believe that the company has contravened during the year ended 31 March 2020 any of the applicable provisions of the U.A.E. Federal Law No. 2 of 2015, or in respect of the company, its Articles of Association which would materially affect its activities or its financial position as at 31 March 2020.



Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

6 June 2020

Dubai



ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Statement of Financial Position
as at 31 March 2020

	<i>Notes</i>	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
ASSETS			
Cash and cash equivalents	5	30,704	77,249
Other receivables	6	909,584	816,934
Prepayments		206,504	218,838
Property, plant and equipment	7	438,378	560,602
Advance against project development	8	21,000,000	21,000,000
Investment	9	-	-
Unsecured loan	10	1,400,000	-
Development work in progress	11	<u>156,291,182</u>	<u>124,719,413</u>
		<u>180,276,352</u>	<u>147,393,036</u>
Total assets		<u>180,276,352</u>	<u>147,393,036</u>
LIABILITIES AND EQUITY			
Liabilities			
Accounts payables	12	14,834,019	1,215,051
Accruals and other payable	13	16,260,928	15,476,391
Unsecured loans	14	23,109,612	14,524,393
Term loan	15	110,184,000	110,184,000
Due to related parties	16	19,944,847	9,008,051
Staff end of service gratuity		<u>217,636</u>	<u>211,495</u>
Total liabilities		<u>184,551,042</u>	<u>150,619,381</u>
Equity			
Partners' funds			
Share capital	17	300,000	300,000
Accumulated losses	18	<u>(4,574,690)</u>	<u>(3,526,345)</u>
Equity deficit	18	<u>(4,274,690)</u>	<u>(3,226,345)</u>
Total liabilities and equity		<u>180,276,352</u>	<u>147,393,036</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

For and on behalf of the board of directors:

Vinay Varma
MANAGING DIRECTOR

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2020

	<i>Notes</i>	<i>2020 AED</i>	<i>2019 AED</i>
Revenue		<u>-</u>	<u>-</u>
Expenditure			
Staff benefits	19	(248,351)	(505,069)
Rent	20	-	-
Other administrative expenses		(655,822)	(689,366)
Depreciation		(122,224)	(122,708)
Finance cost	21	<u>(21,948)</u>	<u>(29,030)</u>
Loss for the year		(1,048,345)	(1,346,173)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(1,048,345)</u>	<u>(1,346,173)</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Statement of Changes in Equity
for the year ended 31 March 2020

	<i>Share capital AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
As at 31 March 2018	300,000	(2,180,172)	(1,880,172)
Loss for the year	_____ -	(1,346,173)	(1,346,173)
As at 31 March 2019	300,000	(3,526,345)	(3,226,345)
Loss for the year	_____ -	(1,048,345)	(1,048,345)
As at 31 March 2020	<u>300,000</u>	<u>(4,574,690)</u>	<u>(4,274,690)</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Statement of Cash Flows
for the year ended 31 March 2020

	<i>Note</i>	<i>2020</i> <u>AED</u>	<i>2019</i> <u>AED</u>
<u>Cash flows from operating activities</u>			
Loss for the year		(1,048,345)	(1,346,173)
Adjustments for:			
Provision for staff end gratuity		104,812	97,900
Depreciation		122,224	122,708
Finance cost		<u>21,948</u>	<u>29,030</u>
Operating loss before working capital changes		(799,361)	(1,096,535)
(Increase)/ decrease in development work in progress		(31,571,769)	(51,974,043)
(Increase)/ decrease in other receivables and prepayments		(80,316)	(98,057)
Increase/ (decrease) in accounts and other payables		<u>14,403,505</u>	<u>1,020,605</u>
Cash flow from / (used in) operating activities		(18,047,941)	(52,148,030)
Staff end of service gratuity paid		<u>(98,671)</u>	<u>-</u>
Net cash from / (used in) operating activities		<u>(18,146,612)</u>	<u>(52,148,030)</u>
<u>Cash flows from investing activity</u>			
Payment for purchase of property, plant and equipment		<u>-</u>	<u>(6,665)</u>
Net cash from / (used in) investing activity		<u>-</u>	<u>(6,665)</u>
<u>Cash flows from financing activities</u>			
Proceeds from/(payment of) funds received from parent company (net)		10,511,012	(58,519,050)
Proceeds from funds received from subsidiary of ultimate parent company		102,635	211,706
Proceeds from funds received from ultimate parent company		323,149	132,958
Proceeds from term loan received		-	110,184,000
Proceeds from/(payment of) of unsecured loans (net)		7,185,219	151,134
Finance costs paid (net)		<u>(21,948)</u>	<u>(29,030)</u>
Net cash from / (used in) financing activities		<u>18,100,067</u>	<u>52,131,718</u>
Net increase/ (decrease) in cash and cash equivalents		(46,545)	(22,977)
Cash and cash equivalents at the beginning of the year		<u>77,249</u>	<u>100,226</u>
Cash and cash equivalents at the end of the year	5	<u><u>30,704</u></u>	<u><u>77,249</u></u>

The notes on pages 10 to 22 form an integral part of these financial statements.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements
for the year ended 31 March 2020****1. Legal status and activity**

ZUARI INFRAWORLD S J M PROPERTIES L.L.C (the “company”) is a limited liability company incorporated in the Emirate of Dubai in accordance with the provisions of Article 218 of the U.A.E. Federal Commercial Companies Law No. 8 of 1984, as amended. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984. The registered address of the company is P.O. Box 117809, Dubai, U.A.E. The place of business address of the company is BB-13 Bay Square, Business Bay, P.O. Box 27508, Dubai, U.A.E. The company is operating under commercial license no. 690820 with real estate development as its license activity.

2. Basis of preparation*Going concern*

As at 31 March 2020, the company has deficit in equity funds of AED 4,274,690 due to significant delays and non-commencement of the project which is still in its initial stage. Although accumulated losses amounted to more than 50% of the company’s paid up share capital, the accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The shareholders and the management regards the company as going concern for the following reasons:

- The shareholders and Joint venture partners have resolved not to dissolve the company as required by U.A.E Federal Law No. 2 of 2015 and continue its operations availing funding from the banks and or venture capital against the securities of the parent entities.
- The management will obtain the approvals for the project which were lapsed due to significant delays in commencement of the project, submitting required applications and documents.
- The shareholders and their parent entities have full confidence in the successful completion of the project and have agreed to provide and or make an alternative financial and the business arrangements for the successful completion of the project and to meet with its financial requirements.
- The management is confident about off plan sale of units under new brand name by the second half of the financial year to end 31 March 2022 enabling the company to generate cash flow to meet with the development cost.
- The existing creditors and lender of unsecured loans have agreed to extend their support and once the project construction work is commenced, the creditors support will be further gained.
- 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 company and its parent entities and upon commencement of the project additional project manager / officials will be inducted.
- 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 are prepared on the historical cost basis.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements
for the year ended 31 March 2020****Basis of preparation (cont'd)***Functional and presentation currency*

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

Use of estimates and judgments

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.

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

The company adopted IFRS 16 – Leases which is effective for annual periods beginning on or after 1 April 2019.

IFRS 16 supersedes IAS 17 Leases and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the company is the lessor. The company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The adoption of this new standard has no material impact on the company's financial statements. Further, the company has not early adopted any other standard, interpretation or amendment that has been issued but are not yet effective.

3. Summary of significant accounting policies

The accounting policies applied, which are consistent with those used in the previous year except for the new standard effective 1 April 2019, 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 measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using straight-line method over their estimated useful lives of 3 to 10 years. The carrying amounts are reviewed at each statement of financial position date to assess whether they are recorded in excess of recoverable amount.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements**
*for the year ended 31 March 2020***Summary of significant accounting policies (cont'd)**

Where carrying amount exceeds the recoverable amount, property, plant and equipment are written down to their recoverable amount.

Development work in progress

Properties in the course of construction for sale in the ordinary course of business are classified as development work in progress and are stated at lower of cost or net realizable value. Cost includes planning and design costs, cost of site preparation, borrowing costs, professional fees for legal services, managerial and staff costs and other related costs. Net realizable value is estimated by the management, taking into account the expected price which can be ultimately achieved, based on prevailing market conditions.

Joint venture

Joint venture are those entities over whose activities the company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The investment in joint venture are accounted for using the equity method of accounting. Under the equity method of accounting, investment in joint venture is carried in the statement of financial position at cost, plus post-acquisition changes in the company's share of net assets of the joint venture less any impairment in value, if any. The company determines at each statement of financial position date whether there is any objective evidence that the investment in an joint venture is impaired. If this is the case, the company calculates the amount of impairment as the difference between recoverable amount of the investment and its carrying value and recognise the amount in the statement of profit or loss and other comprehensive income.

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 financial assets include financial assets measured at amortized cost comprising refundable deposits, staff advances, and cash and cash equivalents.

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 is subject to an insignificant risk of changes in value.

Financial liabilities

The company's financial liabilities include due to related parties, unsecured and term loan, accounts payable and accruals.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements**
*for the year ended 31 March 2020***Summary of significant accounting policies (cont'd)***Accounts and other payables*

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

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 (“VAT”)

Expenses and assets are recognized net of the amount of VAT except

- When the VAT incurred on a purchase of assets or services is not recoverable from the 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 VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Employee benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and passage money as a result of services rendered by eligible employees up to the end of the reporting period. Provision is also made for the full amount of end of service gratuity in accordance with the company's policy, which is at least equal to the benefits payable in accordance with U.A.E. Labor Law, for their period of service up to the end of the reporting period.

The accrual relating to annual leave and passage is classified as a current liability, while the provision relating to end of service gratuity is classified as a non-current liability.

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that are necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the year in which they are incurred.

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

ZUARI INFRAWORLD S J M PROPERTIES L.L.C**Notes to the Financial Statements
for the year ended 31 March 2020****4. Significant judgment employed in applying accounting policies and key sources of estimation uncertainty****4.1 Significant judgment employed**

The significant judgement made in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is as under:

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. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. 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.

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:

Useful lives of property, plant and equipment

The management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Development work in progress

Development work in progress is stated at lower of cost or net realizable value. Management of the company has assessed the net realizable value of its development work in progress for impairment. The project is in initial stage and external valuation is not carried out.

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 assessed credit worthiness of the receivable. Based on the assessment, assumptions are made as to the level of provisioning required.

Staff end of service gratuity

The company computes provision for the liability to staff end of service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2020

	<i>2020</i>	<i>2019</i>	
	<i>AED</i>	<i>AED</i>	
5. Cash and cash equivalents			
Cash on hand	2,869	2,709	
Bank balance in:			
Current accounts	<u>27,835</u>	<u>74,540</u>	
	<u>30,704</u>	<u>77,249</u>	
6. Other receivables			
Refundable deposits	140,692	152,692	
Staff advances	215,482	244,558	
VAT receivable	<u>553,410</u>	<u>419,684</u>	
	<u>909,584</u>	<u>816,934</u>	
7. Property, plant and equipment			
	<i>Furniture, fixtures and office equipment</i>	<i>Vehicles #</i>	<i>Total</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>
Cost			
As at 01.04.2019	<u>95,219</u>	<u>741,499</u>	<u>836,718</u>
As at 31.03.2020	<u>95,219</u>	<u>741,499</u>	<u>836,718</u>
Depreciation			
As at 01.04.2019	45,135	230,981	276,116
Charge for the year	<u>29,537</u>	<u>92,687</u>	<u>122,224</u>
As at 31.03.2020	<u>74,672</u>	<u>323,668</u>	<u>398,340</u>
Net book value			
As at 31.03.2020	<u>20,547</u>	<u>417,831</u>	<u>438,378</u>
As at 31.03.2019	<u>50,084</u>	<u>510,518</u>	<u>560,602</u>

purchased under instalment plan by parent shareholder company.

8. Advance against project development

This represents advance amount paid to a related party (Joint venturer) as per Property Development Contract for development of "St. Regis Residencies" project. The balance amount of AED 119 million will be paid on completion of the project from project surplus. During the previous year this amount was disclosed as an advance for land.

9. Investment

This represent subscription made for 50% shares in the issued share capital of Burj District Development Ltd ("JV Company"), Cayman Islands made up of 25,000 shares of B class of US\$ 1 each as per JV agreement. The joint venture is engaged to carry out any activities which is not prohibited by the Companies Law (2011 revision) of Cayman Islands.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2020**Investment (cont'd)**

The JV Company has not opened bank account(s) and hence the share capital amount is not contributed by the company. The JV Company's incorporation and renewal expenses are accounted in the company's books of account. The JV Company hold 1 share in Burj District One Limited, Jebel Ali Offshore Company, Dubai, U.A.E., which owns a plot of land on which the project "St Regis Residencies" is being developed by the company.

Post completion of the project, profitability and its sharing between the JV partners will be separately determined extracting qualifying costs and revenue from the company's account.

10. Unsecured loan

This represents unsecured and non-interest bearing loans given to a business associate which is repayable on demand.

11. Development work in progress

This comprises expenditure incurred/payments made to consultants, architects, infrastructure fees, borrowing costs, management fees, staff and managerial costs and other related cost of construction for development of residential project. The development cost comprise of following:

	<i>During the year</i>		<i>As of 31 March</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Architecture, designing, consultancy & supervision	473,516	2,067,178	15,235,700	14,762,184
Construction cost	13,641,928	1,588,497	16,730,425	3,088,497
Brokerage fees	-	-	8,500,000	8,500,000
Marketing expenses	588,187	405,828	5,428,987	4,840,800
Management fees	477,421	2,105,817	13,462,908	12,985,487
Finance costs - bank and financial institution	9,849,184	24,130,429	42,209,304	32,360,120
Finance costs - related parties and others	2,889,155	5,295,982	15,325,101	12,435,946
Infrastructure fees	-	12,000,000	25,000,000	25,000,000
Project staff salaries and benefits	2,162,559	2,652,321	7,619,960	5,457,401
Lease rent project office	861,084	832,436	3,005,860	2,144,776
Managerial remuneration and expenses	180,000	180,000	1,593,126	1,413,126
Other direct costs	448,735	715,555	2,179,811	1,731,076
Balance at the end of the year	<u>31,571,769</u>	<u>51,974,043</u>	<u>156,291,182</u>	<u>124,719,413</u>

Impairment of development work in progress

As no major construction work activities are carried out during the year, the management has not considered appropriate to carry out a detailed valuation of development work in progress as of 31 March 2020 by an external professional valuer. The management has decided to carry out professional independent valuation of development work in progress after obtaining revised approval from authorities and post appointment of contractor which will happen before the second quarter of the current financial year 2020-21.

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Notes to the Financial Statements
for the year ended 31 March 2020

12. Accounts payables

This represent amounts payable to creditors on account of development work in progress. The creditors have agreed to extend their credit terms and accept the payments in installments.

	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
13. Accruals and other payable		
Interest payable on unsecured loans #	3,340,023	1,794,245
Interest on term loan from Yes bank Ltd	2,449,821	3,819,853
Management fees payable – <i>step down subsidiary of ultimate parent company</i>	9,740,000	9,740,000
Other accruals @	731,084	122,293
	<u>16,260,928</u>	<u>15,476,391</u>

Includes AED 1,216,678 (Previous year AED 391,730) payable to related parties.

@ Includes AED 99,896 payable to key managerial personnel.

14. Unsecured loans

This represents unsecured and (0 to 12%) per annum interest bearing loans availed from related and non-related parties which are repayable within a period of 2 years. The parties has also agreed to extend the financial support to the company by not demanding payment of their outstanding dues till such time as the company's equity is restored.

15. Term loan

This represents 50 % term loan amount draw out of total sanctioned limit of AED 220 million (USD 60 million) by Yes Bank Limited, IFSC banking unit, GIFT city, Gujarat, India for project development related expense.

Term loans are secured as described herein below and bear interest of 6 months USD LIBOR plus 4.95% p.a.. The loan amount is repayable after 72 months in one bullet payment from the total draw down.

Securities offered:

- ◆ *Charge on current assets both present and future owned by Zuari Infracore S J M Properties L.L.C.*
- ◆ *Charge on share of project cash flow including reimbursement and surplus.*
- ◆ *Mortgage of land in Goa owned by Zuari Global Ltd ("Ultimate parent company") amounting to USD 62,000,000 /-*
- ◆ *Pledge of liquid debt mutual funds unit owned by group companies amounting to USD 13,200,000 /-*
- ◆ *Pledge of listed India shares held by New Eros TradeCom Limited amounting to USD 7,300,000 /-*
- ◆ *Corporate guarantee provide by group Indian holding companies amounting to USD 40,000,000/-*

In addition, there are various conditions and financial covenants attached to the bank facilities, which are in the normal course of business.

On 31 March 2020, the banker has reduced the sanctioned loan amount to the amount drawn per above, such reduction is being negotiated by the management.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2020

	<u>2020</u> <u>AED</u>	<u>2019</u> <u>AED</u>
16. Due to related parties		
Zuari Global Limited, <i>Ultimate Parent Company @</i>	456,107	132,958
Zuari Infraworld India Limited, <i>Subsidiary of ultimate parent company @</i>	314,341	211,706
Zuari Infra Middle East Limited, <i>Step down subsidiary of parent Company #</i>	<u>19,174,399</u>	<u>8,663,387</u>
	<u>19,944,847</u>	<u>9,008,051</u>
<i># This represents 15% per annum interest bearing funds advanced from the step down subsidiary of parent company to meet with the company's project development costs without any fixed repayment schedule.</i>		
<i>@ Represents payable for guarantee commission charges.</i>		
	<u>2020</u> <u>AED</u>	<u>2019</u> <u>AED</u>
17. Share capital		
Authorized, issued and paid up		
300 shares of AED 1,000 each	<u>300,000</u>	<u>300,000</u>
18. Accumulated losses		
The company has incurred, not considering non qualifying development work in progress expenditures as described in note 11, loss of AED 1,048,345 during the year (<i>previous year AED 1,346,173</i>) and has accumulated losses of AED 4,574,690 (<i>previous year AED 3,526,345</i>) as of that date resulting in deficit in the equity funds. This situation is not in compliance with U.A.E. Federal Law No. 2 of 2015.		
The deficit is due to non-commencement of the project as envisaged by the partners and the parent entities and JV partners have funded the project in kind.		
19. Staff benefits		
These are stated net of amount charged to development work in progress.		
20. Rent		
Lease rent is charged to development work in progress.		
	<u>2020</u> <u>AED</u>	<u>2019</u> <u>AED</u>
21. Finance cost		
Interest on bank loans	9,788,095	5,758,195
Interest on unsecured loans	1,545,777	1,416,648
Interest on loan from parent company	829,442	1,103,378
Guarantee commission charges	443,999	209,111
Loan processing fees and other charges	<u>152,974</u>	<u>19,425,727</u>
	<u>12,760,287</u>	<u>27,913,059</u>
Less: Charged to development property	<u>(12,738,339)</u>	<u>(27,884,029)</u>
	<u>21,948</u>	<u>29,030</u>

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2020

22. 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. Related parties are the entities which possess the ability (directly or indirectly) to conduct or exercise significant influence over the operating and financial decision of the group or vice versa and it is subject to common control or common significant influence. Related parties comprise of key managerial personnel, parent companies, senior and company officials, joint venture company and companies under common ownership and/or common management control as under:

Ultimate parent company

Zuari Global Limited, India

Subsidiary of ultimate parent company

Zuari Infraworld India Limited, India

Step down subsidiary of ultimate parent company

Zuari Infra Middle East Limited, U.A.E.

Related party of ultimate parent company

Indian Furniture Products Limited. U.A.E.

Adventz Trading DMCC , U.A.E.

Globalware Trading & Holdings Ltd, U.A.E.

*(Wholly owned by Mr. Akshay Poddar)***Joint venture**

Burj District Development Ltd, Cayman Islands

Party to joint venture

Green Tree Property Management Co. LLC. U.A.E.

Subsidiary of joint venture

Burj District One Limited, U.A.E.

Key managerial personnel

Vinay Varma

The significant transactions with related parties during the year were as under:

		<i>Ultimate parent company ("UPC") AED Dr/(Cr)</i>	<i>Subsidiary of UPC AED Dr/(Cr)</i>	<i>Step down subsidiary of UPC AED Dr/(Cr)</i>	<i>Related party of UPC AED Dr/(Cr)</i>	<i>Key Managerial personnel AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
Transactions:							
Interest expenses	2020	-	-	829,442	824,888	-	1,654,330
	2019	-	-	1,103,378	347,830	-	1,451,208
Development management fees	2020	-	477,421	-	-	-	477,421
	2019	-	2,105,817	-	-	-	2,105,817
Guarantee commission	2020	323,148	120,851	-	-	-	443,999
	2019	235,561	(26,450)	-	-	-	209,111
Managerial remuneration	2020	-	-	-	-	180,000	180,000
	2019	-	-	-	-	180,000	180,000
Loan processing fees	2020	-	6,873	-	-	-	6,873
	2019	-	-	-	-	-	-

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2020

Related party transactions and balances (cont'd)

The company receives funds from and provide to with or without interest from/to related parties as and when required to meet with its project funding requirements. At the date of statement of financial position, balances with related parties were as follows:

		<i>Ultimate parent company AED Dr/(Cr)</i>	<i>Subsidiary OF UPC AED Dr/(Cr)</i>	<i>Step down subsidiary of UPC AED Dr/(Cr)</i>	<i>Related party of UPC AED Dr/(Cr)</i>	<i>Party to joint venture AED Dr/(Cr)</i>	<i>Key Managerial personnel AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
Balances :								
Advance against project development	2020	-	-	-	-	21,000,000	-	21,000,000
	2019	-	-	-	-	21,000,000	-	21,000,000
Other accruals	2020	-	-	-	-	-	(99,896)	(99,896)
	2019	-	-	-	-	-	-	-
Unsecured loan	2020	-	-	-	(11,484,283)	-	-	(11,484,283)
	2019	-	-	-	(6,044,082)	-	-	(6,044,082)
Interest payable	2020	-	-	-	(1,216,678)	-	-	(1,216,678)
	2019	-	-	-	(391,730)	-	-	(391,730)
Funding balance	2020	(456,107)	(314,341)	(19,174,399)	-	-	-	(19,944,847)
	2019	(132,958)	(211,706)	(8,663,387)	-	-	-	(9,008,051)
Management fees	2020	-	-	(9,740,000)	-	-	-	(9,740,000)
	2019	-	-	(9,740,000)	-	-	-	(9,740,000)

23. Capital risk management

The primary objective of the company capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value. The company manage its capital structure and make adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 March 2020. Capital comprise share capital in cash and kind (which is not measured) and accumulated losses and is measured at deficiency of asset of AED 4,274,690 as at 31 March 2020 (*previous year deficiency of asset of AED 3,226,345*).

24. Financial instruments: Credit, liquidity and market risk exposure

Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk comprise principally of other receivables and bank balance in current accounts. The company's bank balance in a current accounts is placed with a high credit quality financial institution. 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 establishment 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 its commitments as they fall due.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2020**Financial instruments: Credit, liquidity and market risk exposure (cont'd)****Liquidity risk (cont'd)**

Although, short term payables are perceived as a liquidity risk, adequate steps are taken by the management and the parent company to timely meet with the funding requirements.

The following are the contractual maturities of the company's financial liabilities as of 31 March 2020:

	<i>Carrying amounts AED</i>	<i>Payable within next 12 months AED</i>	<i>Payable after 2 to 5 years AED</i>
Accounts payable	14,834,019	14,834,019	-
Accruals and other payables	16,260,928	3,180,905	13,080,023
Unsecured loans	23,109,612	-	23,109,612
Term loan	110,184,000	-	110,184,000
Due to related parties	19,944,847	-	19,944,847
Staff end of service gratuity	217,636	-	217,636
	<u>184,551,042</u>	<u>18,014,924</u>	<u>166,536,118</u>

Market risk

Market risk is a 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. Loan from a parent company and unrelated parties are at fixed rate of interest. Term loan obtained from a bank is at floating rates at levels, which is generally obtained in the U.A.E.

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>2020 Equivalent AED</i>	<i>2019 Equivalent AED</i>
Foreign currency financial liability		
Due to related parties		
INR	770,448	344,664

25. Financial instruments: Fair values

The fair values of the company's financial assets, comprising, due to subsidiary of ultimate parent company, due to a ultimate parent company, other receivables, cash and bank balance, advance for investment and financial liabilities, comprising accounts payable, advance from parent company, unsecured loan, secured loan and accruals, are approximate to their carrying values.

ZUARI INFRAWORLD S J M PROPERTIES L.L.C

Notes to the Financial Statements
for the year ended 31 March 2020**26. Contingent liabilities**

There were no contingent liabilities outstanding as at the date of the statement of financial position.

27. Capital commitments

Commitments for the acquisition of services for the development, land and construction of assets classified under development work in progress:

	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
Contracted but not provided for in the accounts		
Consultants	<u>6,827,412</u>	<u>7,386,968</u>

28. Subsequent event

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the globe causing disruptions to businesses and economic activity. Since this is a non-adjusting event, management has not adjusted the financial statements for the year ended 31 March 2020. As the situation is fluid and rapidly evolving, it is not practicable to provide a quantitative estimate of the potential impact of this outbreak on the company.

29. 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 loss, net assets or equity of the company.

30. 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 June 2020.