

ZUARI INFRA MIDDLE EAST LIMITED

Financial Statements

31 March 2020

ZUARI INFRA MIDDLE EAST LIMITED

Financial Statements
31 March 2020

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ZUARI INFRA MIDDLE EAST LIMITED**Directors' Report**

The directors submit their 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 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 2020, the financial performance, changes in equity and cash flows of the company for the year then ended in accordance with the provisions of Jebel Ali Free Zone Authority and International Financial Reporting Standards.

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 2020 and its interest as at that date in the share capital of the company was as under:

	<i>No. of shares</i>	<i>AED</i>
Zuari Infracore 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

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
DIRECTOR

INDEPENDENT AUDITORS' 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 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 present fairly, in all material respects, the financial position of **ZUARI INFRA MIDDLE EAST LIMITED** as at 31 March 2020, 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 *Auditors' 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.

Auditors' 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 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:

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
ZUARI INFRA MIDDLE EAST LIMITED***Auditors' 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 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

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 June 2020
Dubai




ZUARI INFRA MIDDLE EAST LIMITED

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	1,323	33,765
VAT receivable		1,390	1,390
Accounts receivable	6	9,740,000	9,740,000
Due from a subsidiary	7	19,174,399	8,663,387
Other receivable	8	183,750	297,650
Investment in a subsidiary	9	147,000	147,000
Property, plant and equipment	10	-	-
Total assets		<u>29,247,862</u>	<u>18,883,192</u>
LIABILITIES AND EQUITY			
Liabilities			
Accruals		22,500	22,500
Due to related parties	11	879,155	978,439
Vehicle loans	7 & 8	352,055	622,576
Loan from parent shareholder company	12	25,634,891	15,218,742
Total liabilities		<u>26,888,601</u>	<u>16,842,257</u>
Equity			
Shareholder's funds			
Share capital	13	10,000	10,000
Retained earnings		2,349,261	2,030,935
Equity funds		<u>2,359,261</u>	<u>2,040,935</u>
Total liabilities and equity		<u>29,247,862</u>	<u>18,883,192</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 2020

	<i>Notes</i>	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Revenue	14	<u>2,946,628</u>	<u>1,150,498</u>
Expenditure			
Legal and professional fees		-	(12,500)
Depreciation		-	(727)
Finance costs (net)	15	(2,628,302)	(1,932,274)
Total expenditure		<u>(2,628,302)</u>	<u>(1,945,501)</u>
Profit/(loss) for the year		318,326	(795,003)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u>318,326</u>	<u>(795,003)</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 2020

	<i>Share capital AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 31 March 2018	10,000	2,825,938	2,835,938
Loss for the year	-	(795,003)	(795,003)
As at 31 March 2019	10,000	2,030,935	2,040,935
Profit for the year	-	318,326	318,326
As at 31 March 2020	<u>10,000</u>	<u>2,349,261</u>	<u>2,359,261</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 2020

	<i>Note</i>	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
<u>Cash flows from operating activities</u>			
Profit/(loss) for the year		318,326	(795,003)
Adjustments for:			
Depreciation		-	727
Finance costs (net)		2,628,302	1,932,274
Exchange gain		<u>(2,116,872)</u>	<u>(46,758)</u>
Operating profit before working capital changes		829,756	1,091,240
(Increase)/ decrease in other receivable		113,900	94,710
Increase/(decrease) in accruals		-	12,500
Net cash from / (used in) operating activities		<u>943,656</u>	<u>1,198,450</u>
<u>Cash flows from financing activities</u>			
(Payments) of long term loan (net)		-	(26,388,729)
(Payments) of short term loan (net)		-	(1,500,000)
(Payments) of vehicle loans (net)		(270,521)	(243,991)
(Payments) of real estate loan		-	(39,720,000)
Funds received from /(paid to) due to related parties		(31,052)	(765,229)
Funds received from /(paid to) subsidiary		(13,136,592)	56,592,559
Finance costs paid (net)		(2,722)	(5,892)
Proceeds from loan from parent shareholder company		<u>12,464,789</u>	<u>10,855,182</u>
Net cash from / (used in) financing activities		<u>(976,098)</u>	<u>(1,176,100)</u>
Net increase/ (decrease) cash and cash equivalents		(32,442)	22,350
Cash and cash equivalents at the beginning of the year		<u>33,765</u>	<u>11,415</u>
Cash and cash equivalents at the end of the year	5	<u><u>1,323</u></u>	<u><u>33,765</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 2020****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 premises of a wholly owned subsidiary located at BB-13 Bay Square, 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 600 million (approx.) in Burj District, Emirate of Dubai, U.A.E. The development project is expected to be completed by 2022-23.

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 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 2020***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.

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, which are consistent with those used in the previous year except for the new standards 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 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 2020****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.

Financial assets include financial asset measured at amortized cost comprising accounts receivable, due from a subsidiary, investment in a subsidiary and bank balance.

Accounts receivable

Accounts 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 financial liabilities include vehicle loans, 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.

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.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements
for the year ended 31 March 2020****Summary of significant accounting policies (cont'd)****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 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 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.

Bank borrowings

Bank borrowings are recognized initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transactions costs) and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the period of the bank borrowings using the effective method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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 2020

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.

6. Accounts 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 2020, the aging of a receivable is as follows:

ZUARI INFRA MIDDLE EAST LIMITED

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

Accounts receivable (cont'd)

	<i>Total AED</i>	<i>> 3 years AED</i>
2020	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.

	<i>2020 AED</i>	<i>2019 AED</i>
7. Due from a subsidiary		
Project funding	19,006,094	8,338,461
Vehicle loans	<u>168,305</u>	<u>324,926</u>
	<u>19,174,399</u>	<u>8,663,387</u>

This represents 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 loans liability pertains to vehicles purchased by the subsidiary company availing credit line facility of the company. Vehicle loans are repayable by 8 March 2021.

8. Other receivable

This represents vehicle loan liability of AED 183,750/- (*previous year AED 297,650/-*) 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>2020 AED</i>	<i>2019 AED</i>
		<i>De jure</i>	<i>De facto</i>		
Zuari Infraworld 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>(4,274,690)</u>	<u>(3,226,345)</u>

By virtue of control, Zuari Infraworld 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 2021-22.

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 2020

10. Property, plant and equipment	<i>Office equipment AED</i>															
Cost																
As at 01.04.2019	<u>3,226</u>															
As at 31.03.2020	<u>3,226</u>															
Depreciation																
As at 01.04.2019	<u>3,226</u>															
As at 31.03.2020	<u>3,226</u>															
Net book value																
As at 31.03.2020	<u>—</u>															
As at 31.03.2019	<u>—</u>															
11. Due to related parties																
This represent amount payable to related parties on account of guarantee commission and related expenses.																
	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;"><i>2020</i></td> <td style="text-align: right;"><i>2019</i></td> </tr> <tr> <td></td> <td style="text-align: right;"><i>AED</i></td> <td style="text-align: right;"><i>AED</i></td> </tr> <tr> <td>Zuari Infracore India Limited, Parent shareholder Company</td> <td style="text-align: right;">879,155</td> <td style="text-align: right;">899,842</td> </tr> <tr> <td>Zuari Global Limited, Ultimate Parent Company</td> <td style="text-align: right;"><u>-</u></td> <td style="text-align: right;"><u>78,597</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>879,155</u></td> <td style="text-align: right;"><u>978,439</u></td> </tr> </table>		<i>2020</i>	<i>2019</i>		<i>AED</i>	<i>AED</i>	Zuari Infracore India Limited, Parent shareholder Company	879,155	899,842	Zuari Global Limited, Ultimate Parent Company	<u>-</u>	<u>78,597</u>		<u>879,155</u>	<u>978,439</u>
	<i>2020</i>	<i>2019</i>														
	<i>AED</i>	<i>AED</i>														
Zuari Infracore India Limited, Parent shareholder Company	879,155	899,842														
Zuari Global Limited, Ultimate Parent Company	<u>-</u>	<u>78,597</u>														
	<u>879,155</u>	<u>978,439</u>														
12. Loan from parent shareholder company																
This represents unsecured and 14% per annum interest bearing loan from Zuari Infracore India Limited which is repayable within period 3 years from the first disbursement.																
	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;"><i>2020</i></td> <td style="text-align: right;"><i>2019</i></td> </tr> <tr> <td></td> <td style="text-align: right;"><i>AED</i></td> <td style="text-align: right;"><i>AED</i></td> </tr> </table>		<i>2020</i>	<i>2019</i>		<i>AED</i>	<i>AED</i>									
	<i>2020</i>	<i>2019</i>														
	<i>AED</i>	<i>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	829,442	1,103,378														
Interest income from bank	314	362														
Exchange gain	2,116,872	46,758														
	<u>2,946,628</u>	<u>1,150,498</u>														

*Waived during the year

ZUARI INFRA MIDDLE EAST LIMITED

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

	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
15. Finance costs		
Interest on banks loan	-	871,877
Guarantee commission charges	484,294	1,585,721
Loan processing fees and other charges	-	<u>5,491,661</u>
	-	<u>7,949,259</u>
Less: Recharged to the subsidiary company	<u>(484,294)</u>	<u>(7,949,259)</u>
	-	-
Interest on loan from parent shareholder company	2,625,580	1,926,382
Bank charges	<u>2,722</u>	<u>5,892</u>
	<u>2,628,302</u>	<u>1,932,274</u>

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.

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 company or vice versa and it is subject to common control or common significant influence.

Related parties comprise the parent companies, subsidiary company and Enterprise under significant influence 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:

ZUARI INFRA MIDDLE EAST LIMITED

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

Related party transactions and balances (cont'd)

		<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 *	2020	-	-	-
	2019	-	-	-
Interest income	2020	-	(829,442)	(829,442)
	2019	-	(1,103,378)	(1,103,378)
Interest on loan	2020	2,625,580	-	2,625,580
	2019	1,926,382	-	1,926,382
Recharge of finance cost	2020	-	(484,294)	(484,294)
	2019	-	(7,949,259)	(7,949,259)

* Waived during the year

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>Ultimate parent company ("UPC") 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	2020	-	-	-	9,740,000	9,740,000
	2019	-	-	-	9,740,000	9,740,000
Other receivable	2020	183,750	-	-	-	183,750
	2019	297,650	-	-	-	297,650
Funding balance	2020	-	-	(879,155)	19,174,399	18,295,244
	2019	-	(78,597)	(899,842)	8,663,387	7,684,948
Unsecured Loan	2020	-	-	(25,634,891)	-	(25,634,891)
	2019	-	-	(15,218,742)	-	(15,218,742)

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.

ZUARI INFRA MIDDLE EAST LIMITED

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

Financial instruments: Credit, liquidity and market risk exposures (cont'd)

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 2020.

	<i>Carrying amounts AED</i>	<i>Payable within next 12 months AED</i>	<i>Between 2 to 5 years AED</i>
Accruals	22,500	22,500	-
Due to related parties	879,155	879,155	-
Vehicle loans	352,055	270,521	81,534
Loan from parent shareholder company	<u>25,634,891</u>	<u>-</u>	<u>25,634,891</u>
	<u>26,888,601</u>	<u>1,172,176</u>	<u>25,716,425</u>

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. Bank borrowings are at floating rates at levels which are generally obtained in the U.A.E. 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>2020 Equivalent AED</i>	<i>2019 Equivalent AED</i>
Foreign currency financial liabilities		
Loan from parent shareholder company		
INR	25,634,891	15,218,742
Due to related parties		
INR	879,155	978,439

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2020***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. 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.

22. 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.

23. 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.

**ZUARI INFRA MIDDLE EAST
LIMITED AND ITS SUBSIDIARY**

Consolidated Financial Statements

31 March 2020

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Financial Statements
31 March 2020

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**ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY
Directors' Report**

The directors submit their report, together with the audited financial statements, for the year ended 31 March 2020.

Results and appropriations

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

In our opinion, the financial statements set out on pages 6 to 24 are drawn up so as to give a true and fair view of the financial position of the group as at 31 March 2020, the financial performance, changes in equity and cash flows of the group for the year then ended in accordance with the provisions of Jebel Ali Free Zone Authority and International Financial Reporting Standards.

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

Review of the business

The holding 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 holding company has waived management fee charged to the subsidiary company for the year.

The subsidiary is engaged in real estate development of residential project in Burj District, Emirate of Dubai, U.A.E. The subsidiary company carried out following activities during the year pertaining to the residential project being pursued since the year 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 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 INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Director's Report (cont'd)

Directors

The directors who served during the year were as follows:

- Vinay Varma
- Venkatesan Subramanian

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
DIRECTOR

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY** (the "group"), which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, read with note 2, present fairly, in all material respects, the consolidated financial position of **ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY** as at 31 March 2020, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the group 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.

Emphasis of matter

Without qualifying our audit opinion, we draw attention to notes 11 and 30 to the consolidated financial statements, which state that there are no major construction work activities are 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the group'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 group or to cease operations, or has no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (cont'd)*

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 group'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 group'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 consolidated 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY**

Report on Other Legal and Regulatory Requirements

Also, in our opinion, proper books of account have been kept by the group. 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 group which would have had a material effect on the business of the group or on its financial performance.



Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

6 June 2020

Dubai

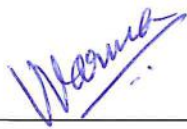


ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated 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	32,026	111,014
Other receivables	6	1,094,726	1,115,976
Prepayments		206,504	218,837
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	151,115,109	120,372,782
Goodwill on consolidation	12	<u>325,687</u>	<u>325,687</u>
Total assets		<u>175,612,430</u>	<u>143,704,898</u>
LIABILITIES AND EQUITY			
Liabilities			
Account payables	13	14,834,019	1,215,052
Accruals and other payables	14	7,161,185	5,911,898
Vehicle loans		352,055	622,576
Due to related parties	15	1,184,853	1,323,103
Loan from subsidiary of ultimate parent company	16	25,634,891	15,218,742
Term loan	17	110,184,000	110,184,000
Unsecured loans	18	23,109,612	14,524,393
Staff end of service benefits		<u>217,636</u>	<u>211,493</u>
Total liabilities		<u>182,678,251</u>	<u>149,211,257</u>
Equity			
Share capital	19	10,000	10,000
Accumulated losses	20	<u>(7,075,821)</u>	<u>(5,516,359)</u>
Equity deficit	20	<u>(7,065,821)</u>	<u>(5,506,359)</u>
Total liabilities and equity		<u>175,612,430</u>	<u>143,704,898</u>

The notes on pages 10 to 24 form an integral part of these consolidated financial statements.



Vinay Varma
DIRECTOR

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

	<i>Notes</i>	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
Revenue			
Interest income		28	362
Exchange gain		<u>2,147,485</u>	<u>46,758</u>
Total revenue		<u>2,147,513</u>	<u>47,120</u>
Expenditure			
Staff benefits	21	(248,351)	(505,070)
Rent	22	-	-
Legal and professional fees		(67,208)	(51,549)
Other administrative expenses		(618,942)	(650,321)
Depreciation		(122,224)	(123,438)
Finance costs	23	(2,650,250)	(1,961,300)
Total expenditure		<u>(3,706,975)</u>	<u>(3,291,678)</u>
Loss for the year		<u>(1,559,462)</u>	<u>(3,244,558)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(1,559,462)</u>	<u>(3,244,558)</u>

The notes on pages 10 to 24 form an integral part of these consolidated financial statements.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated 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	10,000	(2,271,801)	(2,261,801)
Loss for the year	_____ -	<u>(3,244,558)</u>	<u>(3,244,558)</u>
As at 31 March 2019	10,000	(5,516,359)	(5,506,359)
Loss for the year	_____ -	<u>(1,559,462)</u>	<u>(1,559,462)</u>
As at 31 March 2020	<u>10,000</u>	<u>(7,075,821)</u>	<u>(7,065,821)</u>

The notes on pages 10 to 24 form an integral part of these consolidated financial statements.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Statement of Cash Flows
for the year ended 31 March 2020

	<i>Note</i>	2020 <u>AED</u>	2019 <u>AED</u>
<u>Cash flows from operating activities</u>			
Loss for the year		(1,559,462)	(3,244,558)
Adjustments for:			
Depreciation		122,224	123,438
Provision for staff end of gratuity		6,143	97,898
Exchange gain		(2,147,485)	(46,758)
Finance costs (net)		<u>2,650,250</u>	<u>1,961,300</u>
Operating loss before working capital changes		(928,330)	(1,108,680)
(Increase)/ decrease in development work in progress		(30,742,327)	(50,870,666)
(Increase)/ decrease in other receivables and prepayment		33,583	(3,351)
Increase/ (decrease) in accounts and other payable and accruals		<u>14,868,254</u>	<u>(893,269)</u>
Net cash from/(used in) operating activities		<u>(16,768,820)</u>	<u>(52,875,966)</u>
<u>Cash flow from investing activity</u>			
Payment for purchase of property, plant and equipment		-	(6,665)
Net cash from/(used in) investing activity		<u>-</u>	<u>(6,665)</u>
<u>Cash flows from financing activities</u>			
Proceeds from/(payment of) long term loan		-	(26,388,729)
Proceeds from/(payment of) short term loan		-	(1,500,000)
Proceeds from/(payment of) vehicle loans (net)		(270,521)	(243,991)
Proceeds from term loan		-	110,184,000
(Payment) of real estate loan		-	(39,720,000)
Funds received from /(paid to) due to related parties		(39,405)	(420,674)
Proceeds from loan from subsidiary of ultimate parent company		12,464,789	10,855,182
Proceeds from/(payment of) of unsecured loans (net)		7,185,219	151,134
Finance costs paid (net)		<u>(2,650,250)</u>	<u>(34,918)</u>
Net cash from/(used in) financing activities		<u>16,689,832</u>	<u>52,882,004</u>
Net increase/ (decrease) in cash and cash equivalents		(78,988)	(627)
Cash and cash equivalents at the beginning of the year		<u>111,014</u>	<u>111,641</u>
Cash and cash equivalents at the end of the year	5	<u>32,026</u>	<u>111,014</u>

The notes on pages 10 to 24 form an integral part of these consolidated financial statements.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

1. Legal status and activity

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY (the “group”) is a private limited liability international company incorporated under the Jebel Ali Free Zone Offshore Companies Regulations of 2003 with Zuari Infracore India Limited as its sole shareholder. The ultimate parent company is Zuari Global Limited, India, an entity incorporated under the law of India.

The company’s subsidiary is Zuari Infracore S J M Properties L.L.C, Dubai, United Arab Emirates.

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 600 million (approx.) in Burj District, Emirate of Dubai, U.A.E. The subsidiary company proposes to develop a 64 storey building housing luxury residential apartments and retail establishments which is expected to be completed by the year 2022-23.

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 premises of a wholly owned subsidiary located at BB-13 Bay Square, Business Bay, P O Box 27508, Dubai, U.A.E

2. Basis of preparation

Going concern

As at 31 March 2020, although accumulated losses amounted to more than 50% of the group’s paid up share capital, the accompanying consolidated financial statements have been prepared on the basis that the group will continue as a going concern. The management regards the group as going concern for the following reasons:

- The parent entities and JV partners have resolved not to dissolve the group 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 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 group 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 group 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 group.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY**Notes to the Consolidated Financial Statements**
*for the year ended 31 March 2020***Basis of preparation (cont'd)***Statement of compliance*

The consolidated financial statements, which are not statutory, have been prepared on a going basis and for its inclusion by the ultimate parent company in its consolidated financial statements. The consolidated financial statements have been prepared under accrual basis of accounting and going concern basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of U.A.E. laws.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies.

Functional and presentation currency

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

Basis of consolidation

The consolidated financial statements of **ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY** incorporate the financial statements of the company and the entity controlled by the company (its subsidiary). "Shareholding in Zuari Infracoreworld SJM Properties LLC, Dubai includes 51% shares held by a nominee shareholder as per the Shareholders Agreement dated 18.08.2014. As per term of this agreement, Zuari Infra Middle East Limited has complete control over the affairs management. Accordingly, this Company has been considered as a subsidiary with 100% interest and thus consolidated.

The paid up share capital corresponding to the 51% interest has been included under the head 'Accruals and other payables', which is considered appropriate by the Management."

Control is achieved when the group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The company considers all relevant facts and circumstances in assessing whether or not the company has control over its subsidiary, including:

- determining operating policies
- making capital decisions
- appointing key management personnel
- rights to appoint key personnel
- decision making rights within a management contract
- removal or 'kick-out' rights

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY**Notes to the Consolidated Financial Statements
for the year ended 31 March 2020****Basis of preparation (cont'd)**

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, income and expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Use of estimates and judgements

The preparation of the consolidated 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 consolidated financial statements are discussed in note 4.

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

The group has adopted the following standard and amendment 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 group elected to use the transition practical expedient following 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 group's combined financial statements.

Further, the group 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 that are considered material in relation to the consolidated 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.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY**Notes to the Consolidated Financial Statements
for the year ended 31 March 2020****Summary of significant accounting policies (cont'd)**

The carrying amounts are reviewed at each statement of consolidated financial position date to assess whether they are recorded in excess of recoverable amount. Where carrying amount exceeds the recoverable amount, property, plant and equipment are written down to their recoverable amount.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognized as an asset is reviewed for impairment at least annually.

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 group 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 group 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 group 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.

Employee benefits

The group provides end of service gratuity to its employees. The entitlement to this benefit is based upon the employees' basic salary and length of service. The expected costs of this benefit are accrued over the period of employment.

Financial instruments

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

Financial assets are de-recognized when, and only 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, and only when, they are extinguished, cancelled or expired.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY**Notes to the Consolidated Financial Statements
for the year ended 31 March 2020****Summary of significant accounting policies (cont'd)*****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 group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The group's financial assets include financial assets measured at amortized cost comprising other receivables and cash and cash equivalents.

Other current financial assets

Other current financial assets represent refundable deposits, VAT receivable and advances to suppliers and staff.

Cash and cash equivalents

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

Financial liabilities

The group's financial liabilities include accounts payable and accruals and other payables.

Accounts and other payables

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

Loans and borrowings

Loans and borrowings are initially recognized at fair value net of directly attributable transaction costs. Interest-bearing loans and borrowings are subsequently measured at amortized cost using effective interest method. Gains and losses are recognized in statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

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.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the group and revenue can be measured reliably.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

Summary of significant accounting policies (cont'd) Revenue recognition (cont'd)

Interest income

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

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.

Provisions

Provisions are recognized when the group 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.

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 consolidated statement of financial position. Resulting gain or loss is taken to the consolidated 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 group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any of such indication exists, the group 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.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

Key sources of estimation uncertainty (cont'd)

Impairment

Assessment of net recoverable amount of property, plant and equipment, development work in progress and all financial assets, are based on assumptions regarding future cash flows expected to be received from related assets.

Development work in progress

Development work in progress is stated at lower of cost or net realizable value. Management of the group 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.

Staff end of service gratuity

The group 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.

	<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>29,157</u>	<u>108,305</u>
	<u>32,026</u>	<u>111,014</u>
6. Other receivables		
Refundable deposits	140,692	152,692
VAT receivable	554,802	421,076
Other #	183,750	297,650
Staff advances	<u>215,482</u>	<u>244,558</u>
	<u>1,094,726</u>	<u>1,115,976</u>

This represents amount receivable towards purchase of vehicle by Adventz Trading DMCC.

7. Property, plant and equipment	<i>Office</i>	<i>Vehicles #</i>	<i>Total</i>
	<i>equipment</i>	<i>AED</i>	<i>AED</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>
Cost			
As at 01.04.2019	<u>98,445</u>	<u>741,499</u>	<u>839,944</u>
As at 31.03.2020	<u>98,445</u>	<u>741,499</u>	<u>839,944</u>
Accumulated depreciation			
As at 01.04.2019	48,361	230,981	279,342
Charge for the year	<u>29,537</u>	<u>92,687</u>	<u>122,224</u>
As at 31.03.2020	<u>77,898</u>	<u>323,668</u>	<u>401,566</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.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020**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 by subsidiary company 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.

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, UAE, 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 loan 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	2,059,713	4,192,605	10,149,028	8,089,315
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>30,742,327</u>	<u>50,870,666</u>	<u>151,115,109</u>	<u>120,372,782</u>

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

Development work in progress (cont'd)

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 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.

12. Goodwill on consolidation

This represents goodwill arising on consolidation of the subsidiary company.

13. Accounts payables

This represent amount payables 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>
14. Accruals and other payables		
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
Other payable	153,000	153,000
Accruals @	1,218,341	144,800
	<u>7,161,185</u>	<u>5,911,898</u>

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

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

15. Due to related parties

This represent amount payable to related parties on account of guarantee commission and related expenses.

	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
Zuari Infracore India Limited, <i>Subsidiary of ultimate parent company</i>	728,746	1,111,548
Zuari Global Limited, <i>Ultimate Parent Company</i>	456,107	211,555
	<u>1,184,853</u>	<u>1,323,103</u>

16. Loan from subsidiary of ultimate parent company

This represents unsecured and 14% per annum interest bearing loan from Zuari Infracore India Limited the subsidiary of ultimate parent company which is repayable within period of 18 months

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

17. 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 towards 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, India 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 Indian shares held by New Eros TradeCom Limited amounting to USD 7,300,000 /-*
- ◆ *Corporate guarantee provided 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.

18. 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.

	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
19. Share capital		
Authorized, issued and paid up		
10,000 shares of AED 1 each	<u>10,000</u>	<u>10,000</u>

20. Accumulated losses

The group has incurred loss of AED 1,559,462 during the year (*previous year AED 3,244,558*) and has accumulated losses of AED 7,075,821 (*previous year AED 5,516,359*) 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 startup phase of the project and the parent entities and JV partners have funded the project in kind. They have agreed to continue their support. The revised cash flow forecast shows positive and profitable operating financial performance.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

21. Staff benefits

These are stated net of amount charged to development work in progress.

22. Rent

Lease rent is charged to development work in progress.

	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
23. Finance costs		
Interest on bank loans	9,788,095	5,758,195
Interest on unsecured loans	1,545,777	1,416,648
Guarantee commission charges	443,999	209,111
Loan processing fees and other charges	<u>131,026</u>	<u>19,396,697</u>
	11,908,897	26,780,651
Less: Taken to development work in progress	<u>(11,908,897)</u>	<u>(26,780,651)</u>
	-	-
Interest on loan from subsidiary of ultimate parent company	2,625,580	1,926,382
Interest on vehicle loans	18,399	27,129
Bank charges	<u>6,271</u>	<u>7,789</u>
	<u>2,650,250</u>	<u>1,961,300</u>

24. 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 manages its capital structure and makes 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 comprises share capital in cash and kind (which is not measured) and accumulated losses and is measured at deficiency of asset of AED 7,065,821 as at 31 March 2020 (*previous year deficiency of asset of AED 5,506,359*).

25. Related party transactions and balances

The group 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 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

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

Related party transactions and balances (cont'd)

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

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>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	-	2,625,580	824,888	-	3,450,468
	2019	-	1,926,382	347,830	-	2,274,212
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	-	-	-	-	-

The group receives funds from and provides 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:

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

Related party transactions and balances (cont'd)

		<i>Ultimate parent company AED Dr/(Cr)</i>	<i>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 receivable /(payable)	2020	-	-	183,750	-	(99,896)	83,854
	2019	-	-	297,650	-	-	297,650
Unsecured loan	2020	-	(25,634,891)	(11,484,283)	-	-	(37,119,174)
	2019	-	(15,218,742)	(6,044,082)	-	-	(21,262,824)
Interest payable	2020	-	-	(1,216,678)	-	-	(1,216,678)
	2019	-	-	(391,730)	-	-	(391,730)
Funding balance	2020	(456,107)	(728,746)	-	-	-	(1,184,853)
	2019	(211,555)	(1,111,548)	-	-	-	(1,323,103)

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

Credit risk

Financial assets, which potentially expose the group to concentrations of credit risk comprise principally of other receivables and bank balance in current accounts. The group's bank balance in current accounts are placed with a high credit quality financial institution. There are no significant concentrations of credit risk from receivables outside the industry in which the group operates.

Liquidity risk

Liquidity risk is the risk that the group 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 group 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 group'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	7,161,185	3,821,162	3,340,023
Vehicle loans	352,055	270,521	81,534
Due to related parties	1,184,853	-	1,184,853
Unsecured loans	23,109,612	-	23,109,612
Term loan	110,184,000	-	110,184,000
Loan from subsidiary of ultimate parent company	25,634,891	-	25,634,891
Staff end of service gratuity	217,636	-	217,636
	182,678,251	18,925,702	163,752,549

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020**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 group'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. Bank borrowings are at floating rates at levels which are generally obtained in the U.A.E. Vehicle loans, loan from subsidiary of ultimate parent company and other related parties 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 Dirhams or US Dollars to which the U.A.E Dirham rate is fixed.

	<i>2020</i> <i>Equivalent</i> <i>AED</i>	<i>2019</i> <i>Equivalent</i> <i>AED</i>
Foreign currency financial liabilities		
Loan from subsidiary of ultimate parent company		
INR	25,634,891	15,218,742
Due to related parties		
INR	1,184,853	1,323,103

27. Financial instruments: Fair values

The fair values of the group's financial assets, comprising other receivables, cash and bank balances and financial liabilities comprising unsecured loans, due to related parties, accounts payable and accruals and other payables are approximate to their carrying values.

28. Contingent liabilities

There were no contingent liabilities of a significant amount outstanding at the date of consolidated statement of financial position.

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

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

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

30. 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 consolidated 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 group.

31. 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 group.

32. Approval of the consolidated financial statements

The consolidated 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.