

ZUARI INFRA MIDDLE EAST LIMITED

Financial Statements

31 March 2019

ZUARI INFRA MIDDLE EAST LIMITED

Financial Statements
31 March 2019

<u>CONTENTS</u>	<u>PAGES</u>
Directors' Report	1
Independent Auditors' Report	2 – 3
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 – 17

ZUARI INFRA MIDDLE EAST LIMITED
Directors' Report

The directors submits his report, together with the audited financial statements, for the year ended 31 March 2019.

Results and appropriations

The results of the company and the appropriations made for the year ended 31 March 2019 are set out on pages 5 and 6 of the financial statements.

In my opinion, the financial statements set out on pages 4 to 17 are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2019, 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 2019 and its interest as at that date in the share capital of the company was as under:

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


Directors

The directors who served during the year were as follows:

- Vinay Varma
- Venkatesan Subramanian

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 2019, 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 2019, 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 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 IFRS 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:

- 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.

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

- 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
16 May 2019
Dubai

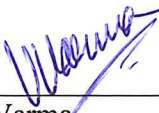
ZUARI INFRA MIDDLE EAST LIMITED

Statement of Financial Position
31 March 2019

	<i>Notes</i>	<i>2019</i> <i>AED</i>	<i>2018</i> <i>AED</i>
ASSETS			
Cash and cash equivalents	5	33,765	11,415
VAT receivable		1,390	-
Accounts receivable	6	9,740,000	9,740,000
Due from a subsidiary	7	8,663,387	67,182,437
Other receivable	8	297,650	393,750
Investment in a subsidiary	9	147,000	147,000
Property, plant and equipment	10	-	727
Total assets		<u>18,883,192</u>	<u>77,475,329</u>
LIABILITIES AND EQUITY			
Liabilities			
Accruals		22,500	10,000
Due to related parties	11	978,439	1,743,777
Vehicle loans	7 & 8	622,576	866,567
Short term loan	12	-	1,500,000
Loan from parent shareholder company	13	15,218,742	4,410,318
Real estate loan	14	-	39,720,000
Long term loan	15	-	26,388,729
Total liabilities		<u>16,842,257</u>	<u>74,639,391</u>
Shareholder's funds			
Equity			
Share capital	16	10,000	10,000
Retained earnings		<u>2,030,935</u>	<u>2,825,938</u>
Total equity		<u>2,040,935</u>	<u>2,835,938</u>
Total liabilities and equity		<u>18,883,192</u>	<u>77,475,329</u>

The notes on pages 8 to 17 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 2019

	<i>Notes</i>	<i>2019</i> <i>AED</i>	<i>2018</i> <i>AED</i>
Revenue	17	<u>1,150,498</u>	<u>1,808,344</u>
Expenditure			
Legal and professional fees		(12,500)	(5,040)
Other administrative expenses		-	(99,969)
Depreciation		(727)	(1,076)
Finance costs (net)	18	<u>(1,932,274)</u>	<u>(2,506)</u>
Total expenditure		<u>(1,945,501)</u>	<u>(108,591)</u>
Profit/(loss) for the year		(795,003)	1,699,753
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u>(795,003)</u>	<u>1,699,753</u>

The notes on pages 8 to 17 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED

Statement of Changes in Equity
for the year ended 31 March 2019

	<i>Share capital AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 31 March 2017	10,000	1,126,185	1,136,185
Profit for the year	—	<u>1,699,753</u>	<u>1,699,753</u>
As at 31 March 2018	10,000	2,825,938	2,835,938
Loss for the year	—	<u>(795,003)</u>	<u>(795,003)</u>
As at 31 March 2019	<u>10,000</u>	<u>2,030,935</u>	<u>2,040,935</u>

The notes on pages 8 to 17 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED

Statement of Cash Flows
for the year ended 31 March 2019

	<i>Note</i>	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
<u>Cash flows from operating activities</u>			
Profit/(loss) for the year		(795,003)	1,699,753
Adjustments for:			
Depreciation		727	1,076
Finance costs (net)		<u>1,932,274</u>	<u>2,506</u>
Operating profit before working capital changes		1,137,998	1,703,335
(Increase)/ decrease in other receivable		94,710	(393,750)
Increase/(decrease) in accruals		<u>12,500</u>	<u>(182,224)</u>
Net cash from / (used in) operating activities		<u>1,245,208</u>	<u>(8,286,424)</u>
<u>Cash flows from financing activities</u>			
Proceeds/(payments) of long term loan (net)		(26,388,729)	26,388,729
Proceeds/(payments) of short term loan (net)		(1,500,000)	1,500,000
Proceeds/(payments) of vehicle loans (net)		(243,991)	257,648
(Payment) of real estate loan		(39,720,000)	-
Funds received from /(paid to) due to related parties		(765,229)	(9,413,785)
Funds received from /(paid to) subsidiary		56,592,559	(24,458,281)
Finance costs paid (net)		(5,892)	(2,506)
Proceeds from loan from parent shareholder company		<u>10,808,424</u>	<u>4,410,318</u>
Net cash from / (used in) financing activities		<u>(1,222,858)</u>	<u>8,095,908</u>
Net increase/ (decrease) cash and cash equivalents		22,350	(190,516)
Cash and cash equivalents at the beginning of the year		<u>11,415</u>	<u>201,931</u>
Cash and cash equivalents at the end of the year	5	<u>33,765</u>	<u>11,415</u>

The notes on pages 8 to 17 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements
for the year ended 31 March 2019****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 2021-22.

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 (IFRS) 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 under the historical cost basis.

Functional and presentation currency

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

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements for the year ended 31 March 2019

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 has adopted the following standards and amendments which are effective for annual periods beginning on or after 1 April 2018:

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The company has applied IFRS 15 - *Revenue from Contracts with Customer* which is effective 01 January 2018. The company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1: Identify the contract(s) with the customer
- Step 2: Identify the performance obligation in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the company satisfies a performance obligation

IFRS 9 - Financial Instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. For financial receivables, IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. For equity instruments, IFRS 9 now requires measurement of all financial assets at fair value and provides an irrevocable option to measure certain securities at FVOCI rather than through profit or loss. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and assets at FVOCI.

The adoption of these new standards 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 January 2018, in dealing with items that are considered material in relation to the financial statements are as follows:

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2019***Summary of significant accounting policies (cont'd)****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.

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, advance to subsidiary, advance to 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.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements
for the year ended 31 March 2019****Summary of significant accounting policies (cont'd)*****Offsetting***

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

Value added tax

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

- When the value added tax incurred on a purchase of assets or services is not recoverable from the 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***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 2019

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. 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:

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 has waived management fees charge for the year. The balance is unsecured and free of interest charge.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2019

	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
7. Due from a subsidiary		
Project funding	8,338,462	66,709,620
Vehicle loans	<u>324,925</u>	<u>472,817</u>
	<u>8,663,387</u>	<u>67,182,437</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 297,650/- (*previous year AED 393,750/-*) for the purchase of vehicle by Adventz Trading DMCC which is repayable by December 2021.

9. Investment in a subsidiary

<u>Name of subsidiary</u>	<u>Country of incorporation</u>	<u>% of Ownership</u>		<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
		<u>De jure</u>	<u>De facto</u>		
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>(3,226,345)</u>	<u>(1,880,172)</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.

10. Property, plant and equipment

	<u>Office equipment</u> <u>AED</u>
Cost	
As at 01.04.2018	<u>3,226</u>
As at 31.03.2019	<u>3,226</u>
Depreciation	
As at 01.04.2018	2,499
Charge for the year	<u>727</u>
As at 31.03.2019	<u>3,226</u>
Net book value	
As at 31.03.2019	-
As at 31.03.2018	<u>727</u>

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2019**11. Due to related parties**

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

	<i>2019</i> <i>AED</i>	<i>2018</i> <i>AED</i>
Zuari Infracore India Limited, Parent shareholder Company	899,842	1,667,782
Zuari Global Limited, Ultimate Parent Company	<u>78,597</u>	<u>75,995</u>
	<u>978,439</u>	<u>1,743,777</u>

12. Short term loan

This represents short term recurring loan taken from National Bank of Fujairah of AED 1,500,000/-. The loan is fully repaid during the year.

13. 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 of 18 months.

14. Real estate loan

This represents real estate loan taken from National Bank of Fujairah of AED 39,720,000/-. The loan is fully repaid during the year.

15. Long term loan

This represents long term loan taken for State Bank of India of AED 165 million. The loan is fully repaid during the year.

	<i>2019</i> <i>AED</i>	<i>2018</i> <i>AED</i>
16. Share capital		
Authorized, issued and paid up		
10,000 shares of AED 1 each	<u>10,000</u>	<u>10,000</u>
17. Revenue		
Management fees- <i>subsidiary company</i> *	-	-
Interest income from a subsidiary	1,103,378	1,807,499
Interest income from bank	362	845
Exchange gain	<u>46,758</u>	<u>-</u>
	<u>1,150,498</u>	<u>1,808,344</u>

*Waived during the year

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2019

	<u>2019</u> <u>AED</u>	<u>2018</u> <u>AED</u>
18. Finance costs		
Interest on banks loan	871,877	1,517,655
Interest on loan from parent shareholder company	-	532,460
Guarantee commission charges	1,585,721	209,499
Loan processing fees and other charges	<u>5,491,661</u>	<u>969,511</u>
	7,949,259	3,229,125
Less: Recharged to the subsidiary company	<u>(7,949,259)</u>	<u>(3,229,125)</u>
	-	-
Interest on loan from parent shareholder company	1,926,382	-
Bank charges	<u>5,892</u>	<u>2,506</u>
	<u>1,932,274</u>	<u>2,506</u>

19. 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 and borrowings less cash and cash equivalents) and equity (comprising share capital and retained earnings).

20. 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 and subsidiary company 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*

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

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

		<i>Ultimate parent company ("UPC")</i>	<i>Parent shareholder company</i>	<i>Subsidiary company</i>	<i>Total</i>
		<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
		<i>Dr/(Cr)</i>	<i>Dr/(Cr)</i>	<i>Dr/(Cr)</i>	<i>Dr/(Cr)</i>
Transactions:					
Management fees *	2019	-	-	-	-
	2018	-	-	-	-
Interest income	2019	-	-	(1,103,378)	(1,103,378)
	2018	-	-	(1,807,499)	(1,807,499)
Interest on loan	2019	-	1,926,382	-	1,926,382
	2018	-	532,460	-	532,460
Recharge of finance cost	2019	-	-	(7,949,259)	(7,949,259)
	2018	-	-	(3,229,125)	(3,229,125)

* Waived during the year

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2019

Related party transactions and balances (cont'd)

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

		<i>Ultimate parent company ("UPC")</i>	<i>Parent shareholder company</i>	<i>Subsidiary company</i>	<i>Total</i>
		<i>AED Dr/(Cr)</i>	<i>AED Dr/(Cr)</i>	<i>AED Dr/(Cr)</i>	<i>AED Dr/(Cr)</i>
Balances:					
Account receivable	2019	-	-	9,740,000	9,740,000
	2018	-	-	9,740,000	9,740,000
Funding balance	2019	(78,597)	(899,842)	8,663,387	7,684,948
	2018	(75,995)	(1,667,782)	67,182,437	65,438,660
Unsecured Loan	2019	-	(15,218,742)	-	(15,218,742)
	2018	-	(4,410,318)	-	(4,410,318)

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

Credit risk

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

Liquidity risk

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

The following are the contractual maturities of the company's financial liabilities as of 31 March 2019.

	<i>Carrying amounts</i>	<i>Payable within next 12 months</i>	<i>Between 2 to 5 years</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>
Accruals	22,500	22,500	-
Due to related parties	978,440	978,440	-
Vehicle loans	622,576	261,619	360,657
Loan from parent shareholder company	15,218,742	-	15,218,742
	<u>16,842,258</u>	<u>1,262,559</u>	<u>15,579,399</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.



ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2019**Financial instruments: Credit, liquidity and market risk exposures (cont'd)***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>2019</i> <i>Equivalent</i> <i>AED</i>	<i>2018</i> <i>Equivalent</i> <i>AED</i>
Foreign currency financial liabilities		
Loan from parent shareholder company		
INR	15,218,742	4,410,318
Due to related parties		
INR	978,440	1,743,777

22. Financial instruments: Fair values

The fair values of the company's financial assets, comprising accounts receivable, advance to subsidiary, advance to related party and bank balance and financial liabilities comprising real estate loan, term loans, short term loan, vehicle loans, due to subsidiary company, due to parent companies, accruals, approximate to their carrying values.

23. Contingent liabilities and capital commitments

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

24. 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, net assets or equity of the company.

25. 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 16 May 2019.