

**ZUARI INFRA MIDDLE EAST LIMITED**

**Financial Statements**

*31 March 2018*

**ZUARI INFRA MIDDLE EAST LIMITED**

**Financial Statements**  
**31 March 2018**

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

The directors submit their report and accounts for the year ended 31 March 2018.

**Results and appropriations**

The results of the company and the appropriations made for the year ended 31 March 2018 are set out on pages 5 and 6 of the financial statements.

In my opinion, the financial statements set out on pages 5 to 16 are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2018, 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 charging of management fees to the subsidiary company during 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 2018 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**


In terms of resolution passed by a parent shareholder company dated 28 February 2018 wherein Mr Alok Banerjee and Mr. Devendra Khemka have resigned as director of the company and Mr. Venkatesan Subramanian is appointed as new director and secretary of the company. The legal formalities with local authorities is expected to be completed before end of current financial year.

The directors who served during the year were as follows:

- Alok Banerjee (resigned during the year)
- Devendra Khemka (resigned during the year)
- 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 2018, 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 2018, 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 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 International Financial Reporting Standards 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.

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

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**

15 May 2018  
Dubai



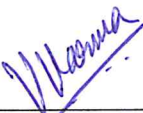
## ZUARI INFRA MIDDLE EAST LIMITED

Statement of Financial Position  
31 March 2018

	<i>Notes</i>	<i>2018</i> <i>AED</i>	<i>2017</i> <i>AED</i>
<b>ASSETS</b>			
Cash and cash equivalents	5	11,415	201,931
Accounts receivable	6	9,740,000	9,740,000
Advance to subsidiary	7	67,182,437	42,724,156
Other receivable		393,750	-
Investment in a subsidiary	8	147,000	147,000
Property, plant and equipment	9	727	1,802
<b>Total assets</b>		<b><u>77,475,329</u></b>	<b><u>52,814,889</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Accruals		10,000	192,222
Due to parent companies	10	1,743,777	11,157,562
Vehicle loans		866,567	608,920
Short term loan	11	1,500,000	-
Loan from parent shareholder company	12	4,410,318	-
Real estate loan	13	39,720,000	39,720,000
Long term loan	14	26,388,729	-
<b>Total liabilities</b>		<b><u>74,639,391</u></b>	<b><u>51,678,704</u></b>
<b>Shareholder's funds</b>			
<b>Capital and reserves</b>			
Share capital	15	10,000	10,000
Retained earnings		2,825,938	1,126,185
<b>Total equity</b>		<b><u>2,835,938</u></b>	<b><u>1,136,185</u></b>
<b>Total liabilities and equity</b>		<b><u>77,475,329</u></b>	<b><u>52,814,889</u></b>

The notes on pages 8 to 16 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 2018

	<i>Notes</i>	<i>2018</i> <i>AED</i>	<i>2017</i> <i>AED</i>
<b>Revenue</b>	16	<b><u>1,808,344</u></b>	<b><u>4,469,891</u></b>
<b>Expenditure</b>			
Service fees		-	(3,301,765)
Legal and professional fees		(5,040)	(64,865)
Other administrative expenses		(99,969)	(253,484)
Depreciation		(1,076)	(1,076)
Finance costs (net)	17	<u>(2,506)</u>	<u>(2,253)</u>
<b>Total expenditure</b>		<b><u>(108,591)</u></b>	<b><u>3,623,443</u></b>
<b>Profit for the year</b>		<b>1,699,753</b>	<b>846,448</b>
Other comprehensive income / (loss)		-	-
<b>Total comprehensive income for the year</b>		<b><u>1,699,753</u></b>	<b><u>846,448</u></b>

*The notes on pages 8 to 16 form an integral part of these financial statements.*

## ZUARI INFRA MIDDLE EAST LIMITED

Statement of Changes in Equity  
for the year ended 31 March 2018

	<i>Share capital AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 31 March 2016	10,000	279,737	289,737
Profit for the year	-	<u>846,448</u>	<u>846,448</u>
<b>As at 31 March 2017</b>	<b>10,000</b>	<b>1,126,185</b>	<b>1,136,185</b>
Profit for the year	-	<u>1,699,753</u>	<u>1,699,753</u>
<b>As at 31 March 2018</b>	<b><u>10,000</u></b>	<b><u>2,825,938</u></b>	<b><u>2,835,938</u></b>

*The notes on pages 8 to 16 form an integral part of these financial statements.*



## ZUARI INFRA MIDDLE EAST LIMITED

**Statement of Cash Flows**  
*for the year ended 31 March 2018*

	<i>Note</i>	<i>2018</i> <i>AED</i>	<i>2017</i> <i>AED</i>
<b><u>Cash flows from operating activities</u></b>			
Profit for the year		1,699,753	846,448
Adjustments for:			
Depreciation		1,076	1,076
Finance costs (net)		<u>2,506</u>	<u>3,106,441</u>
<b>Operating profit before working capital changes</b>		<b>1,703,335</b>	<b>3,953,965</b>
(Increase)/ decrease in accounts receivable		-	(3,740,000)
(Increase)/ decrease in advance from parent companies		(9,413,785)	3,649,545
(Increase)/ decrease in other receivable		(393,750)	-
Increase/(decrease) in accruals		<u>(182,224)</u>	<u>(134,952)</u>
<b>Net cash from / (used in) operating activities</b>		<b><u>(8,286,424)</u></b>	<b><u>3,728,558</u></b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from long term loan		26,388,729	-
Proceeds from short term loan		1,500,000	-
Proceeds from vehicle loans (net)		257,648	608,920
Funds advanced to subsidiary		(24,458,281)	(13,309,914)
Finance costs paid (net)		(2,506)	(1,695,050)
Proceeds/(payments) of loan from parent shareholder company		<u>4,410,318</u>	<u>(360,000)</u>
<b>Net cash from / (used in) financing activities</b>		<b><u>8,095,908</u></b>	<b><u>(14,756,044)</u></b>
<b>Net increase/ (decrease) cash and cash equivalents</b>		<b>(190,516)</b>	<b>(11,027,486)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b><u>201,931</u></b>	<b><u>11,229,417</u></b>
<b>Cash and cash equivalents at the end of the year</b>	5	<b><u><u>11,415</u></u></b>	<b><u><u>201,931</u></u></b>

*The notes on pages 8 to 16 form an integral part of these financial statements.*

**ZUARI INFRA MIDDLE EAST LIMITED****Notes to the Financial Statements**  
*for the year ended 31 March 2018***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 from 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.

**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 and the banker continuing 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.
- Future forecast reflects positive operating and financial performance.
- 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.

**ZUARI INFRA MIDDLE EAST LIMITED****Notes to the Financial Statements**  
*for the year ended 31 March 2018***Basis of preparation (cont'd)***Functional and presentation currency*

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

*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 applied all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 April 2017. Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**3. Summary of significant accounting policies**

The accounting policies, which are consistent with those used in the previous year, 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.

**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, and only when, the company 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 de-recognized when, and only when, they are extinguished, cancelled or expired.

**ZUARI INFRA MIDDLE EAST LIMITED****Notes to the Financial Statements  
for the year ended 31 March 2018****Financial instruments (cont'd)*****Financial assets***

Financial assets comprise accounts receivable, advance to subsidiary, advance to related party 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 bank current account that is readily convertible to known amount of cash and which is subject to an insignificant risk of changes in value.

***Financial liabilities***

The financial liabilities include real estate loan, term loan, short term loan, vehicle loans, loan from parent companies, advance from parent companies and other payables and accruals.

***Other payables***

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

**Revenue recognition**

Revenue is recognized to the extent that it is probable that economic benefits of related companies will flow to the company and revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

***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.

**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

**Foreign currency transactions**

Transactions in foreign currencies are converted into U.A.E Dirhams at the rate of exchange ruling as on date of transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E Dirhams at the rate of exchange ruling at the date of statement of financial position. Resulting gain or loss is taken to the statement of profit or loss and other comprehensive income.

**ZUARI INFRA MIDDLE EAST LIMITED****Notes to the Financial Statements  
for the year ended 31 March 2018****4. Significant judgment employed in applying accounting policies and key sources of estimation uncertainty****4.1 Significant judgment employed**

The significant judgment made in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements pertains to impairment. At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss and other comprehensive income or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

**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.

During the year the company has waived management fees. 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 2018

	2018 <u>AED</u>	2017 <u>AED</u>
<b>7. Advance to subsidiary</b>		
Project funding	66,709,620	42,115,236
Vehicle loans	<u>472,817</u>	<u>608,920</u>
	<b><u>67,182,437</u></b>	<b><u>42,724,156</u></b>

This represents 0 to 15% per annum interest bearing funds advanced to the subsidiary company to meet with its project development expenditure without any fixed repayment schedule. It includes vehicle loans liability of AED 472,817 (*previous year AED 608,920*) for the purchase of vehicles by the subsidiary company which are repayable by 8 March 2021.

**8. Investment in a subsidiary**

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>% of Ownership</i>		2018 <u>AED</u>	2017 <u>AED</u>
		<i>De jure</i>	<i>De facto</i>		
Zuari Infraworld S J M Properties L.L.C. Share of net book value	U.A.E.	49	100	<u>147,000</u> <u>(1,880,172)</u>	<u>147,000</u> <u>(458,714)</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 2022.

*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.*

**9. Property, plant and equipment**

	<i>Office equipment AED</i>
<b>Cost</b>	
As at 01.04.2017	<u>3,226</u>
As at 31.03.2018	<u>3,226</u>
<b>Depreciation</b>	
As at 01.04.2017	1,424
Charge for the year	<u>1,075</u>
As at 31.03.2018	<u>2,499</u>
<b>Net book value</b>	
As at 31.03.2018	<u>727</u>
As at 31.03.2017	<u>1,802</u>

**10. Due to parent companies**

This represent amount payable to related parties on account of funds raising and related expenses.

	2018 <u>AED</u>	2017 <u>AED</u>
Zuari Infraworld India Limited, Parent Company	1,667,782	10,955,026
Zuari Global Limited, Ultimate Parent Company	<u>75,995</u>	<u>202,536</u>
	<b><u>1,743,777</u></b>	<b><u>11,157,562</u></b>

## ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements  
for the year ended 31 March 2018**11. Short term loan**

This represents unsecured short term loan taken from National Bank of Fujairah for residential real estate development project being undertaken by the subsidiary company. The loan amount is repaid in April 2018.

**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 of 18 months

**13. Real estate loan**

This represents term loan of AED 39,720,000 (*previous year AED 39,720,000*) taken from National Bank of Fujairah for residential real estate development project being undertaken by the subsidiary company. The loan amount is availed for one year and rolled over quarterly for a maximum tenor of four years.

The term loan is secured against irrevocable and unconditional standby letters of credit of AED 41,900,000 issued by State Bank of India in favour of National Bank of Fujairah. In addition, there are various conditions and financial covenants attached to the bank facility, which are in the normal course of business.

**14. Long term loan**

This represent loan amount drawn out of total sanctioned limit of AED 165 million (USD 44.92 million) by State Bank of India, DIFC Dubai, U.A.E for residential real estate development project being undertaken by the subsidiary company. The loan amount is repayable before 31 March 2021

The term loan is secured against irrevocable and unconditional standby letter of comfort of USD 28,580,000 issued by CAG Mumbai (*Part of which has been given to National Bank of Fujairah*) by CAG Mumbai and corporate guarantee of Zuari Global Ltd to the extent of USD 16,340,000. In addition, there are various conditions and financial covenants attached to the bank facility, which are in the normal course of business

	<i>2018</i>	<i>2017</i>
	<i>AED</i>	<i>AED</i>
<b>15. Share capital</b>		
<b>Authorized, issued and paid up</b>		
10,000 shares of AED 1 each	<u>10,000</u>	<u>10,000</u>
<b>16. Revenue</b>		
Management fees- <i>subsidiary company</i>	*-	3,740,000
Interest income from related party	1,807,499	661,769
Interest income from bank	845	12,148
Exchange gain	-	55,974
	<u>1,808,344</u>	<u>4,469,891</u>

\*Waived during the year



## ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements  
for the year ended 31 March 2018

	<i>2018</i> <i>AED</i>	<i>2017</i> <i>AED</i>
<b>17. Finance costs</b>		
Interest on real estate loan	1,517,655	1,346,913
Interest on loan from parent shareholder company	532,460	-
Guarantee commission charges	209,499	1,244,916
Loan processing fees and other charges	<u>972,017</u>	<u>514,612</u>
	<b>3,231,631</b>	<b>3,106,441</b>
Less: Recharged to the subsidiary company	<u>(3,229,125)</u>	<u>(3,104,188)</u>
Bank charges	<u><b>2,506</b></u>	<u><b>2,253</b></u>

**18. 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).

**19. 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*

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

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.

	<i>2018</i> <i>AED</i> <i>Dr./.(Cr.)</i>	<i>2017</i> <i>AED</i> <i>Dr./.(Cr.)</i>
Accounts receivable	9,740,000	9,740,000
Advance to subsidiary	67,182,437	42,724,156
Loan from parent shareholder company	(4,410,318)	-
Due to parent companies	(1,743,777)	(11,157,562)



## ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements  
for the year ended 31 March 2018

## Related party transactions and balances (cont'd)

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

	<i>2018</i> <i>AED</i> <i>Dr./ (Cr.)</i>	<i>2017</i> <i>AED</i> <i>Dr./ (Cr.)</i>
Management fees	*-	(3,740,000)
Service fees	*-	3,301,765
Interest from subsidiary company	(1,807,499)	(661,769)
Interest on loan from parent shareholder company	532,460	-
Recharge of finance costs to subsidiary company	(3,229,125)	(3,104,188)

\* Waived during the year

## 20. 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 subsidiary and bank balance in current account. The company's bank balance in a current account is placed with a high credit quality financial institution. Accounts receivable and advance to 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 establishment will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the management and parent companies who ensures that sufficient funds are made available to the establishment 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 company to timely meet with the funding requirements.

The following are the contractual maturities of the company's financial liabilities as of 31 March 2018.

	<i>Carrying</i> <i>amounts</i> <i>AED</i>	<i>Payable</i> <i>within next</i> <i>12 months</i> <i>AED</i>	<i>Between 2</i> <i>to 5 years</i> <i>AED</i>
Accruals	10,000	10,000	-
Due to parent companies	1,743,777	1,743,777	-
Vehicle loans	866,567	543,283	323,284
Short term loan	1,500,000	1,500,000	-
Loan from parent shareholder company	4,410,318	-	4,410,318
Real estate loan	39,720,000	39,720,000	-
Long term loan	<u>26,388,729</u>	<u>-</u>	<u>26,388,729</u>
	<u>74,639,391</u>	<u>43,517,060</u>	<u>31,122,331</u>

## ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements  
for the year ended 31 March 2018**Financial instruments: Credit, liquidity and market risk exposures (cont'd)****Market risk**

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

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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>2018</i> <i>Equivalent</i> <i>AED</i>	<i>2017</i> <i>Equivalent</i> <i>AED</i>
<b>Foreign currency financial liabilities</b>		
Loan from parent shareholder company INR	4,410,318	-
Due to parent companies INR	1,743,777	11,157,562

**21. 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 parent companies, accruals, approximate to their carrying values.

**22. Contingent liabilities and capital commitments**

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

**23. Comparative figures**

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.

**24. 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 15 May 2018.