

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

Report on the Financial Statements

We have audited the accompanying financial statements of **ZUARI INFRA MIDDLE EAST LIMITED**, which comprise the statement of financial position as at 31 March 2015, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the United Arab Emirates 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United Arab Emirates. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **ZUARI INFRA MIDDLE EAST LIMITED** as at 31 March 2015 and its financial performance and its cash flows for the period then ended in accordance with the generally accepted accounting principles in the United Arab Emirates.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the company has maintained proper books of account and these financial statements are in agreement with the books of account. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions during the period of the Jebel Ali free Zone Authority regulation 2003 or the Articles of Association of the company which might have materially affected the financial position of the company or its financial performance.



Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & AlShamali Associates Chartered Accountants

29 April 2015

Dubai



ZUARI INFRA MIDDLE EAST LIMITED

Statement of Financial Position
31 March 2015

	<i>Notes</i>	<i>2015 AED</i>
ASSETS		
Current assets		
Accounts receivable	3	2,270,000
Advances recoverable in cash or kind	4	21,221,053
Cash and cash equivalents	5	<u>1,195,758</u>
		<u>24,686,811</u>
Total assets		<u>24,686,811</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Shareholder's funds		
Share capital	6	10,000
Retained earnings		<u>24,560</u>
Shareholder's equity funds		<u>34,560</u>
Non-current liability		
Loan from a parent shareholder company	7	<u>300,000</u>
Current liabilities		
Loan from a parent shareholder company	7	60,000
Term loans	8	21,000,000
Due to a parent shareholder company	10	3,095,689
Other payables and accruals	9	<u>196,562</u>
		<u>24,352,251</u>
Total liabilities		<u>24,652,251</u>
Total equity and liabilities		<u>24,686,811</u>

The notes on pages 7 to 10 form an integral part of these financial statements.



DIRECTOR



ZUARI INFRA MIDDLE EAST LIMITED**Statement of Profit or Loss and Other Comprehensive Income
for the period ended 31 March 2015**

	<i>8 months period ended 31 March 2015 AED</i>
Revenue	<u>2,650,167</u>
Expenditure	
Legal and professional fees	(170,691)
Other administrative expenses	(2,074,748)
Finance costs	<u>(380,168)</u>
Total expenditure	(2,625,607)
Net profit for the period	24,560
Other comprehensive income / (loss)	<u>-</u>
Total comprehensive income for the period	<u><u>24,560</u></u>

The notes on pages 7 to 10 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED**Statement of Changes in Equity
for the period ended 31 March 2015**

	<i>Share capital AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Introduced during the period	10,000	-	10,000
Net profit for the period	<u>-</u>	<u>24,560</u>	<u>24,560</u>
As at 31 March 2015	<u>10,000</u>	<u>24,560</u>	<u>34,560</u>

The notes on pages 7 to 10 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED

Statement of Cash Flows
for the period ended 31 March 2015

	<i>Note</i>	<i>8 months period ended 31 March 2015 AED</i>
<u>Cash flows from operating activities</u>		
Net profit for the period		24,560
Adjustments for:		
Finance costs		<u>380,168</u>
Operating profit before working capital		404,728
Accounts receivable		(2,270,000)
Advances recoverable in cash or kind		(21,221,053)
Due to a parent shareholder company		3,095,689
Other payables and accruals		<u>146,000</u>
Cash generated from / (used in) operations		(19,844,636)
Finance costs paid		<u>(329,606)</u>
Net cash from / (used in) operating activities		<u>(20,174,242)</u>
<u>Cash flows from financing activities</u>		
Share capital introduced		10,000
Proceeds from term loans		21,000,000
Proceeds from loan from a parent shareholder company		<u>360,000</u>
Net cash from / (used in) financing activities		<u>21,370,000</u>
Cash and cash equivalents at the end of the period	5	<u>1,195,758</u>

The notes on pages 7 to 10 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements
for the period ended 31 March 2015****1. Legal status and business activity**

- a) **ZUARI INFRA MIDDLE EAST LIMITED** (the “company”) is a private limited liability international company incorporated on 12 August 2014 under the Jebel Ali Free Zone Offshore Companies Regulations of 2003 with Zuari Infracore India Limited as its sole shareholder.

The registered address of the company is P O box 11429, Dubai, United Arab Emirates.

- b) The company, incorporated to carry out general trading activity, has rendered management consultancy services during the period.

2. Basis of preparation and significant accounting policies

These financial statements have been prepared under the historical cost convention and have been presented in UAE Dirhams.

The accounting policies in dealing with items that are considered material in relation to the company’s financial statements are as follows:

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.

Other payables and accruals

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

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the company and revenue can be measured reliably. Revenue, representing management fees, is accounted as per the terms of the agreement.

Foreign currency transactions

Transactions in foreign currencies are converted into UAE Dirhams at the rate of exchange ruling as on date of transaction. Assets and liabilities expressed in foreign currencies are translated into UAE 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.

3. Accounts receivable

This represents management consultancy fee receivable from a business associate.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the period ended 31 March 2015

4. Advances recoverable in cash or kind

This represents unsecured and non-interest bearing advances given on behalf of a business associate without any fixed repayment schedule. These transactions are approved by the parent shareholder company and considered good and recoverable.

5. Cash and cash equivalents

This represents bank balance in current accounts with banks.

2015
AED

6. Share capital

Authorised, issued and paid up

10,000 shares of AED 1 each

10,000

7. Loan from a parent shareholder company

This represents unsecured and 14% interest bearing loan given by the parent shareholder company, Zuari Infracore India Limited.

Total loan from a parent shareholder company

360,000

Current portion

(60,000)

Long term portion

300,000

8. Term loans

This represents term loans taken from local and overseas banks to facilitate part payment requirement for proposed residential real estate development project through a business associate.

The above term loans are secured against following:

- ✓ *Corporate guarantee of Zuari Infracore India Limited, a parent shareholder company*
- ✓ *Lien over fixed deposit in the name of Zuari Infracore India Limited, a parent shareholder company*
- ✓ *Standby letter of credit covering the amount.*

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

2015
AED

9. Other payables and accruals

Other payables

138,500

Accruals

7,500

Interest accrued but not due

50,562

196,562

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements,
for the period ended 31 March 2015****10. Related party transactions and balances**

Related parties comprise the parent shareholder company and directors as under:

- Zuari Infraworld India Limited, India – *Parent shareholder company*
- Mr. Alok Banerjee – *Director*
- Mr. Devendra Khemka- *Director*

The company also receives and provides interest and non-interest bearing funds from a related party as and when required to meet with their working capital facilities.

The transactions with a related party during the period was charge of expenses of AED 2,284,202 and interest on loan of AED 18,554 by the parent shareholder company.

As of the date of statement of financial position, amount due to / from related parties are disclosed in note 7.

11. Financial instruments: Credit, interest rate, liquidity and exchange rate risk exposures**Credit risk**

Financial assets, which potentially expose the company to concentrations of credit risk comprise principally of bank current accounts, accounts receivable. The company's bank current account is placed with high credit quality financial institutions.

Interest rate risk

The company is exposed to interest rate risk for term loan taken from a bank. The company has not entered into interest rate swaps. Loan from a parent shareholder company is at fixed rate.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The company limits its liquidity risk by ensuring adequate funding requirements from a parent shareholder company are available to meet its commitments for liabilities as they fall due.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirham or US Dollars to which the UAE Dirham rate is fixed.

12. Financial instruments: Fair values

The fair values of the company's financial assets, comprising accounts receivable, bank balance and financial liabilities comprising term loans, other payables and accruals are approximate to their carrying values.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the period ended 31 March 2015

13. Contingent liabilities and capital commitments

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

14. Comparative figures

This being the first period of the company's operations, there are no comparative figures.

15. Approval of the financial statements

The financial statements were approved by the directors and authorized for issue on 29 April 2015.