

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

**Consolidated Financial Statements**

*31 March 2023*

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

**Consolidated Financial Statements**

*31 March 2023*

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

The Directors submit their report, together with the audited consolidated financial statements of **ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY** (the "group"), for the year ended 31 March 2023.

**Results and appropriations**

The results of the group and the appropriations made for the year ended 31 March 2023 are set out on pages 6 and 7 of the consolidated financial statements.

In our opinion, the consolidated financial statements set out on pages 5 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 2023, the financial performance, changes in equity and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the provisions of Jebel Ali Free Zone Authority.

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 continues 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 the 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 for the project being developed:

- Dubai real estate market has shown significant improvement as compared to previous year.
- During the fourth quarter of 2022-23, the subsidiary company entered into property development agreement with Burj District One Limited, subsidiary of JV company. As per the terms of this agreement, the company will act as an agent of Burj District One Limited at an agreed fee and will monitor/supervise till completion of the project.
- The group has appointed a main contractor, lead consultant, peer review consultant, interior design consultant and sales and marketing partner for the project.
- During the year end the group has successfully launched its project "Exquisite Living Residences".
- Opened ESCROW account with a local bank during the year.
- The group has managed to avail services from marketing partner for collecting sales proceeds and other related charges from the customers on behalf of a subsidiary of JV company.
- The marketing partner has initiated the procedure of signing of Sales & Purchase agreement.
- The construction activities will commence from the first quarter of 2023-24.
- In terms of an agreement between JV partners, effective from commencement of construction activity, out of total development work in progress of AED 198,746,629 carried in the accounts, the qualifying expenditure which is approved by the JV partners as disclosed in note 10 to the consolidated financials statement will be transferred to subsidiary of JV company, Burj District One Limited and the balance will be carried in the group's accounts as an investment in joint venture.

**ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY  
Directors' Report (cont'd)**

**Review of the business (cont'd)**

- The management, with current market situation, has prepared revised financial forecast including land cost "Exquisite Living Residences" which shows positive and profitable operating and financial performance under the circumstances.
- Key executive management is in place with the company and its parent entities.

**Event since the end of the year**

Except for what is described in note 32 to the consolidated financial statements regarding project development work in progress to take place during the first quarter of FY 2023-24 and repayment of substantial portion of term loan, no other important events have occurred since the year-end that materially affect the group.

**Directors**

The directors who served during the year were as follows:

- Vinay Varma
- Venkatesan Subramanian

**Independent auditor**

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

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Vinay Varma  
**DIRECTOR**



## INDEPENDENT AUDITOR'S 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 2023, 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 present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2023, 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 *Auditor's 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 consolidated 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 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.

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

#### *Auditor's 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 auditor's 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.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)*

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 auditor's 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 auditor's 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.

### **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 May 2023

Dubai, United Arab Emirates



## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Statement of Financial Position  
as at 31 March 2023

	<i>Notes</i>	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
<b>ASSETS</b>			
Escrow & restricted accounts	5	113,155,968	-
Cash & bank balances	6	5,394,704	11,186,240
Advance and other receivables	7	1,242,053	979,508
Prepayments		42,987	34,357
Property, plant and equipment	8	576,036	250,429
Advance against project development	9	21,450,000	21,000,000
Investment	10	-	-
Development work in progress	11	198,746,629	179,062,799
Goodwill on consolidation	12	325,687	325,687
<b>Total assets</b>		<b><u>340,934,064</u></b>	<b><u>212,839,020</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Accounts payable	13	3,364,056	203,396
Other payables & accruals	14	8,345,559	8,003,348
Vehicle loan	15	275,722	-
Due to subsidiary of ultimate parent company	16	8,815,082	3,166,385
Loan from subsidiary of ultimate parent company	17	96,894,763	75,799,509
Term loan	18	98,831,552	110,184,000
Contract liabilities	19	113,170,206	-
Unsecured loans	20	35,275,312	34,764,930
Staff end of service benefits	21	324,916	229,147
<b>Total liabilities</b>		<b><u>365,297,168</u></b>	<b><u>232,350,715</u></b>
<b>Equity</b>			
Share capital	22	10,000	10,000
Accumulated losses		<u>(24,373,104)</u>	<u>(19,521,695)</u>
<b>Equity deficit</b>		<b><u>(24,363,104)</u></b>	<b><u>(19,511,695)</u></b>
<b>Total liabilities and equity</b>		<b><u>340,934,064</u></b>	<b><u>212,839,020</u></b>

The notes on pages 9 to 24 form an integral part of these consolidated financial statements.

  
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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 2023*

	<i>Notes</i>	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
<b>Revenue</b>			
Interest income		2,567	260
Foreign exchange gain		<u>6,218,793</u>	<u>2,147,130</u>
<b>Total revenue</b>		<b><u>6,221,360</u></b>	<b><u>2,147,390</u></b>
<b>Expenditure</b>			
Staff benefits	23	(97,484)	(130,946)
Rent	24	-	-
Legal and professional fees		(67,017)	(83,618)
Loss on sale of property, plant and equipment		(21,639)	-
Other administrative expenses		(321,512)	(250,030)
Impairment of advances		(250,000)	-
Depreciation		(114,344)	(105,254)
Finance costs	25	<u>(10,200,773)</u>	<u>(6,897,645)</u>
<b>Total expenditure</b>		<b><u>(11,072,769)</u></b>	<b><u>(7,467,493)</u></b>
<b>Loss for the year</b>		<b><u>(4,851,409)</u></b>	<b><u>(5,320,103)</u></b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<b><u>(4,851,409)</u></b>	<b><u>(5,320,103)</u></b>

*The notes on pages 9 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 2023

	<i>Share capital AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
<b>As at 31 March 2021</b>	<b>10,000</b>	<b>(14,201,592)</b>	<b>(14,191,592)</b>
Loss for the year	<u>-</u>	<u>(5,320,103)</u>	<u>(5,320,103)</u>
<b>As at 31 March 2022</b>	<b>10,000</b>	<b>(19,521,695)</b>	<b>(19,511,695)</b>
Loss for the year	<u>-</u>	<u>(4,851,409)</u>	<u>(4,851,409)</u>
<b>As at 31 March 2023</b>	<b><u>10,000</u></b>	<b><u>(24,373,104)</u></b>	<b><u>(24,363,104)</u></b>

*The notes on pages 9 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 2023*

	<i>Note</i>	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
<b><u>Cash flows from operating activities</u></b>			
Loss for the year		(4,851,409)	(5,320,103)
Adjustments for:			
Depreciation		114,344	105,254
Loss on sale of property, plant and equipment		21,639	
Provision for staff end of gratuity (net)		61,469	37,897
Exchange loss / (gain)		(6,218,793)	(2,147,130)
Finance costs (net)		<u>15,543,377</u>	<u>19,381,176</u>
<b>Operating profit before working capital changes</b>		<b>4,670,627</b>	<b>12,057,094</b>
(Increase)/ decrease in development work in progress		(19,683,830)	(15,286,324)
(Increase)/ decrease in advance, other receivables and prepayment		(271,175)	(223,880)
(Increase)/ decrease in funds in escrow and restricted current account		(113,155,968)	-
Increase in contract liabilities		113,170,206	-
Increase/ (decrease) in accounts and other payable and accruals		<u>3,086,795</u>	<u>(2,486,483)</u>
<b>Cash flow from / (used in) operating activities</b>		<b>(12,183,345)</b>	<b>(5,939,593)</b>
Staff end of service gratuity paid		<u>(18,760)</u>	<u>-</u>
<b>Net cash from/(used in) operating activities</b>		<b><u>(12,202,105)</u></b>	<b><u>(5,939,593)</u></b>
<b><u>Cash flows from investing activities</u></b>			
Payment for purchase of property, plant and equipment		(562,066)	-
Proceeds from sale of property, plant and equipment		<u>100,476</u>	<u>-</u>
<b>Net cash from / (used in) investing activities</b>		<b><u>(461,590)</u></b>	<b><u>-</u></b>
<b><u>Cash flows from financing activities</u></b>			
Funds received from /(paid to) subsidiary of ultimate parent company		(1,216,001)	1,649,757
(Payment of) funds against project development		(450,000)	-
Proceeds from/ (payment of) vehicle loan		275,722	(78,750)
Proceeds from loan from subsidiary of ultimate parent company		17,016,162	21,127,777
Proceeds from unsecured loans (net)		500,000	3,545,541
Finance costs paid (net)		<u>(9,253,724)</u>	<u>(9,272,993)</u>
<b>Net cash from/(used in) financing activities</b>		<b><u>6,872,159</u></b>	<b><u>16,971,332</u></b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(5,791,536)</b>	<b>11,031,739</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b><u>11,186,240</u></b>	<b><u>154,501</u></b>
<b>Cash and cash equivalents at the end of the year</b>	6	<b><u>5,394,704</u></b>	<b><u>11,186,240</u></b>

*The notes on pages 9 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 2023

#### 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 Industries Ltd (formerly known as 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 in Burj District, Emirate of Dubai, U.A.E. The development project is expected to be completed by 2025-26.

The registered address of the company is P.O. Box 117809, Dubai, U.A.E. The place of business address of the company is Office No 2207, The Exchange tower, Business Bay, P O Box 27508, Dubai, U.A.E.

The company’s subsidiary is Zuari Infracore S J M Properties L.L.C, Dubai, United Arab Emirates which is operating under commercial license no. 690820 with real estate development as its license activity.

The above activity is carried out in the Joint Venture with Burj District Development Ltd which has 100% wholly owned subsidiary owning a plot of land on which “Exquisite Living Residences” project is being developed. In terms of an agreement dated 12 January 2023 the subsidiary company is entrusted with the task of project management, supervision and successful development of the said project for an agreed fee.

#### 2. Basis of preparation

##### *Going concern*

During the year the group has incurred net loss of AED 4,851,409 and has accumulated losses of AED 24,373,104 as at 31 March 2023 resulting in equity deficit of AED 24,363,104 due to significant delays in commencement of the project.

Despite the above 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 real estate market of Dubai has improved as compared to last year.
- The group has obtained final design approval, building permit certificate and demarcation certificate from local authority.
- The group has registered the project with local authorities.
- The group has appointed main contractor for the project and construction activities will commence from the first quarter of 2023-24.
- The management has successfully launched its project “Exquisite Living Residences”. towards the end of the year.
- Following the launch of the project on 7 March 2023 the marketing partner has managed to sale 185 units out of 234 units to the customers, for over AED 1,000 million.
- Opened an ESCROW account with a local bank during the year.
- The group has managed to collection sales proceeds and other related charges of AED 113 million from the customers. Further the group has managed to collect AED 57 million subsequent to year-end from the customers.
- The marketing partner has initiated the procedure of signing of Sales & Purchase agreement.

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

### Notes to the Consolidated Financial Statements for the year ended 31 March 2023

#### Basis of preparation (cont'd)

##### *Going concern (cont'd)*

- The shareholders and Joint venture partners have resolved not to dissolve the subsidiary company as required by U.A.E Federal Law No. 32 of 2021, as amended and continue its operations availing funding from the banks and or venture capital against the securities of the parent entities.
- Subsequent to year end availing financial support of the parent company an early repayment of loan amounting to AED 72.30 million has been made to Yes Bank.
- As per the revised forecast prepared by the management of the project, sales will amount to AED 1,300 million and net profit of AED 433 million over the project tenure 2-3 years.
- The beneficial owners have full confidence in the successful completion of the project and have agreed to provide required financial support.
- The existing creditors and lender of unsecured loans have agreed to extend their support till the completion of the project.
- 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.

##### *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 (IFRSs) 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

**ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY****Notes to the Consolidated Financial Statements**  
*for the year ended 31 March 2023***Basis of preparation (cont'd)***Basis of consolidation (cont'd)*

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

When necessary, adjustments are made to the consolidated 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.

*Impacts of global events*

- *Impact of COVID-19*  
Now in the third year of the COVID-19 pandemic, jurisdictions around the world have generally experienced an improved economic outlook during, as the number of COVID-19 cases have declined significantly. Many businesses globally have returned to business as usual, but the crisis has tested the commercial, operational, financial and organizational resilience of companies around the world highlighting the risks and resilience gaps for many organizations, as the effects of pandemic continue to impact global supply chains.
- *Impact of Russia-Ukraine Conflict*  
The Russian Federation's invasion of Ukraine and the subsequent global response to those military actions may have significant financial effects on many entities. These include entities with physical operations in Ukraine, Russia and Belarus, as well as indirect interests (e.g., suppliers and customers, investments and lenders).

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements  
for the year ended 31 March 2023**Basis of preparation (cont'd)**

The aforementioned global events do not have any material impact on the group's business performance as of 31 March 2023, however the group will continue to monitor the situation as it evolves in order to assess any potential financial impact.

***Application of new and revised International Financial Reporting Standards (IFRSs)****New and amended standards adopted by the group*

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2022, have been adopted in these consolidated financial statements. The application of these revised IFRSs, except where stated, has not had any material impact on the amounts reported for the current and prior years.

	<b>Effective for annual periods beginning on or after</b>
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 <ul style="list-style-type: none"> <li>• IFRS 1: Subsidiary as a First-time Adopter</li> <li>• IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities</li> <li>• IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements</li> <li>• IAS 41: Taxation in Fair Value Measurements</li> </ul>	1 January 2022
	<b>Effective for annual periods beginning on or after</b>
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022

*New standards, amendments and interpretations not yet adopted*

	<b>Effective for annual periods beginning on or after</b>
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023

The above-stated new standards and amendments are not expected to have any significant impact on the consolidated financial statements of the group. There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the group's financial period beginning 1 April 2022 that would be expected to have a material impact on the consolidated financial information of the group.

**ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY****Notes to the Consolidated Financial Statements**  
*for the year ended 31 March 2023***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 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. 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 group'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 recognize the amount in the statement of profit or loss and other comprehensive income.

**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 2023****Summary of significant accounting policies (cont'd)****Financial instruments (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 and advance to other.

***Cash and bank balances***

Cash and cash equivalents comprise cash on hand and bank balance in current and escrow 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 due to subsidiary of ultimate parent company, loan from subsidiary of ultimate parent company, unsecured loans, term loan, vehicle loan, accounts payable, 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 Federal 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 Federal Taxation Authority is included as part of receivables or payables in the statement of financial position.



**ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY****Notes to the Consolidated Financial Statements**  
*for the year ended 31 March 2023***Summary of significant accounting policies (cont'd)****Employee benefits**

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

**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.

*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 recognized 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.

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements  
for the year ended 31 March 2023

## 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 group 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.

**Impairment of other receivables**

Management regularly undertakes a review of the amounts of other receivables and assess the likelihood of non-recovery. Such assessment is based upon the age of the debt assessed credit worthiness of the receivable. Based on the assessment, assumptions are made as to the level of provisioning required.

**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>2023</i>	<i>2022</i>
	<u>AED</u>	<u>AED</u>
<b>5. Escrow &amp; restricted accounts</b>		
Escrow trust account @	86,045,492	-
Restricted current account @	27,110,476	-
	<u><b>113,155,968</b></u>	<u>-</u>
<i>@ This represents funds received in these accounts towards sales proceeds and other related fees from the customers for and on behalf of a subsidiary of JV company. (refer note 10, 19 and 27).</i>		
<b>6. Cash &amp; bank balances</b>		
Cash on hand	2,501	32,634
Bank balance in:		
Current accounts	5,392,203	11,153,606
	<u><b>5,394,704</b></u>	<u><b>11,186,240</b></u>
<b>7. Advance and other receivables</b>		
Refundable deposits	105,200	26,400
VAT receivable	1,047,703	703,108
Capital advance	6,930	250,000
Advance to service provider	67,220	-
Staff advance	15,000	-
	<u><b>1,242,053</b></u>	<u><b>979,508</b></u>

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements  
for the year ended 31 March 2023

8. Property, plant and equipment	<i>Office equipment</i> <i>AED</i>	<i>Vehicles</i> <i>AED</i>	<i>Total</i> <i>AED</i>
<b>Cost</b>			
As at 01.04.2022	121,916	741,499	863,415
Additions during the year	5,900	556,166	562,066
Disposal during the year	<u>-</u>	<u>(566,899)</u>	<u>(566,899)</u>
As at 31.03.2023	<u>127,816</u>	<u>730,766</u>	<u>858,582</u>
<b>Accumulated depreciation</b>			
As at 01.04.2022	103,942	509,044	612,986
Charge for the year	13,931	100,413	114,344
Related to disposal	<u>-</u>	<u>(444,784)</u>	<u>(444,784)</u>
As at 31.03.2023	<u>117,873</u>	<u>164,673</u>	<u>282,546</u>
<b>Net book value</b>			
As at 31.03.2023	<u>9,943</u>	<u>566,093</u>	<u>576,036</u>
As at 31.03.2022	<u>17,974</u>	<u>232,455</u>	<u>250,429</u>

## 9. Advance against project development

This represents advance amount AED 21,450,000 paid to a related party (Joint Venturer) as per Property Development agreement for development of “Exquisite Living Residences” project.

## 10. Investment

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

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

In terms of an arrangement between JV partners, effective 1 April 2023, the project development cost of AED 198,746,629 will be allocated and accounted as under:

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
Carrying value as of 31 March 2023	198,746,629	179,062,799
Qualifying expenditure to be transferred to land owning company, Burj District One Limited.	(82,429,660)	(69,861,810)
Balance will be carried in the group’s accounts as an investment in joint venture.	<u>(116,316,969)</u>	<u>(109,200,989)</u>
	<u>=</u>	<u>=</u>

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements  
for the year ended 31 March 2023

## 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 costs of construction for development of residential project. The development cost incurred during the year and up to 31 March 2023 are as under:

	<i>During the year</i>		<i>As of 31 March</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<b><i>Qualifying expenditures</i></b>				
Architecture, designing, consultancy & supervision	3,257,118	1,230,500	19,886,135	16,629,017
Construction cost	1,166,052	365,000	18,043,451	16,877,399
Marketing expenses	2,731,637	12,000	7,911,720	5,180,083
Infrastructure fees	200,000	-	25,200,000	25,000,000
Lease rent project office	(397,786)	120,000	3,170,372	3,568,158
Other direct costs	<u>5,610,829</u>	<u>209,926</u>	<u>8,217,982</u>	<u>2,607,153</u>
<b>A</b>	<b><u>12,567,850</u></b>	<b><u>1,937,426</u></b>	<b><u>82,429,660</u></b>	<b><u>69,861,810</u></b>
<b><i>Company expenditures</i></b>				
Brokerage fees	-	-	8,500,000	8,500,000
Management fees	-	-	13,462,908	13,462,908
Finance costs - bank and financial institution @	(2,620,675)	9,347,939	60,128,484	62,749,159
Finance costs - related parties and others	7,963,279	3,135,592	21,827,823	13,864,544
Project staff salaries and benefits	824,951	685,367	10,064,495	9,239,544
Lease rent	765,482	-	765,482	-
Managerial remuneration and expenses	<u>182,943</u>	<u>180,000</u>	<u>1,567,777</u>	<u>1,384,834</u>
<b>B</b>	<b><u>7,115,980</u></b>	<b><u>13,348,898</u></b>	<b><u>116,316,969</u></b>	<b><u>109,200,989</u></b>
<b>(A+B)</b>	<b><u>19,683,830</u></b>	<b><u>15,286,324</u></b>	<b><u>198,746,629</u></b>	<b><u>179,062,799</u></b>

@ Gross finance cost of AED 8,731,773 netted of against reversal of facility fees of AED (9,182,000) and interest rate swaps of AED (2,170,448).

## 12. Goodwill on consolidation

This represents goodwill arising on consolidation of the subsidiary company.

## 13. Accounts payable

This represents amount payable to creditors on account of development work in progress.

## 14. Other payables &amp; accruals

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
Interest payable on unsecured loans	4,612,718	4,010,708
Interest on term loan from Yes bank Ltd	3,430,218	3,833,187
Interest on vehicle loan	1,721	-
Other payable	153,000	153,000
Accruals	<u>147,902</u>	<u>6,453</u>
	<b><u>8,345,559</u></b>	<b><u>8,003,348</u></b>

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements  
for the year ended 31 March 2023

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
<b>15. Vehicle loan</b>		
Less than 1 year	111,264	-
More than 1 year	<u>164,458</u>	<u>-</u>
	<u><u>275,722</u></u>	<u><u>-</u></u>

**16. Due to subsidiary of ultimate parent company**

This represents amount payable on account of guarantee commission, finance charges and related expenses.

**17. Loan from subsidiary of ultimate parent company**

This represents unsecured and 15% (*previous year 15%*) per annum interest bearing loan from Zuari Infracore India Limited which is repayable not later than six years from drawdown.

**18. Term loan**

This represents term loan availed from Yes Bank Limited, IFSC banking unit, GIFT City, Gujarat, India for project development related expense. Subsequent to year end, AED 72.30 million. (USD 19.70 million) is repaid by the group.

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

*Securities offered:*

- ◆ *Lien marked fixed deposit owned by group companies covering 105% of the outstanding loan amount.*
- ◆ *Pledge of Indian stock exchange listed securities held by an overseas related party New Eros Trade Com Limited.*

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

**19. Contract liabilities**

This represents funds received in Escrow and current account in the name of the subsidiary company towards sales proceeds from the customers on account of sales of residential units by appointed marketing partner. The funds are received for an on behalf of a subsidiary of JV company. The funds amounting to AED 27,110,476 received in the current account will be transferred to the ESCROW account during the current year. (*refer note 5*).

**20. 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 have also agreed to extend the financial support to the group by not demanding payment of their outstanding dues till such time as the group's equity is restored.

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements  
for the year ended 31 March 2023

	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
<b>21. Staff end of service gratuity</b>		
As at 1 April	229,147	191,250
Provision created during the year	61,469	37,897
Transfer from a related party	53,060	-
Payment made during the year	<u>(18,760)</u>	<u>-</u>
As at 31 March	<u><b>324,916</b></u>	<u><b>229,147</b></u>
<b>22. Share capital</b>		
<b>Authorized, issued and paid up:</b>		
10,000 shares of AED 1 each	<u><b>10,000</b></u>	<u><b>10,000</b></u>
<b>23. Staff benefits</b>		
These are stated net of amount charged to development work in progress.		
<b>24. Rent</b>		
Lease rent is charged to development work in progress.		
	<i>2023</i> <i>AED</i>	<i>2022</i> <i>AED</i>
<b>25. Finance costs</b>		
Interest on bank loans @	(2,919,727)	8,922,830
Interest on unsecured loans	1,006,007	1,483,030
Guarantee commission charges	-	555,031
Loan processing fees and other charges	<u>7,256,324</u>	<u>1,522,640</u>
	<u><b>5,342,604</b></u>	<u><b>12,483,531</b></u>
Less: Taken to development work in progress	<u>(5,342,604)</u>	<u>(12,483,531)</u>
	-	-
Interest on loan from subsidiary of ultimate parent company	10,179,572	6,876,305
Interest on vehicle loan	7,163	-
Bank charges	<u>14,038</u>	<u>21,340</u>
	<u><b>10,200,773</b></u>	<u><b>6,897,645</b></u>

@ Net of reversal of facility fees of AED 9,182,000

**26. Capital risk management**

The primary objective of the group capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value. The group 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 2023. Capital comprises share capital in cash and kind (which is not measured) and accumulated losses and is measured at deficiency of asset of AED 24,363,104 as at 31 March 2023 (previous year deficiency of asset of AED 19,511,695).

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements  
for the year ended 31 March 2023

## 27. 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. The related parties with whom the group had significant transactions during the year and have year-end balances are as under:

**Ultimate parent company**

Zuari Industries Ltd (formerly know as Zuari Global Limited), India

**Subsidiary of ultimate parent company**

Zuari Infraworld India Limited, India

**Related party of ultimate parent company**

Indian Furniture Products Limited, U.A.E

Adventz Trading DMCC, U.A.E

New Eros Trade Com Limited, India

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**

East & West International Group – Sole Proprietorship L.L.C., 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>Subsidiary of joint venture AED Dr/(Cr)</i>	<i>Key Managerial personnel AED Dr/(Cr)</i>	<i>Related party of UPC AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
<b>Transactions:</b>							
Interest expenses	2023	-	10,179,572	-	-	-	10,179,572
	2022	-	6,876,305	-	-	-	6,876,305
Guarantee commissions	2023	-	-	-	-	-	-
	2022	275,572	279,459	-	-	-	555,031
Managerial remuneration and expenses	2023	-	-	-	182,943	-	182,943
	2022	-	-	-	180,000	-	180,000
Contract liabilities	2023	-	-	(113,170,206)	-	-	(113,170,206)
	2022	-	-	-	-	-	-
Staff end of service gratuity	2023	-	-	-	-	53,060	53,060
	2022	-	-	-	-	-	-

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements  
for the year ended 31 March 2023**Related party transactions and balances (cont'd)**

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. The related parties has given corporate guarantee in favor of bank against facilities availed by the group.

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

		<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>Subsidiary of joint venture AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
<b>Balances:</b>						
Advance against project development	2023	-	-	21,450,000	-	21,450,000
	2022	-	-	21,000,000	-	21,000,000
Unsecured loan	2023	(96,894,763)	(23,785,005)	-	-	(120,679,768)
	2022	(75,799,509)	(23,274,623)	-	-	(99,074,132)
Escrow & restricted accounts	2023	-	-	-	113,155,968	113,155,968
	2022	-	-	-	-	-
Contract liabilities	2023	-	-	-	(113,170,206)	(113,170,206)
	2022	-	-	-	-	-
Funding balance	2023	(8,815,083)	-	-	-	(8,815,083)
	2022	(3,166,385)	-	-	-	(3,166,385)

**28. 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 and escrow accounts. The group's bank balance in current and escrow accounts are placed with a high credit quality financial institutions. 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 2023:



## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements  
for the year ended 31 March 2023

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

	<i>Carrying amounts</i> <u>AED</u>	<i>Payable within next 12 months</i> <u>AED</u>	<i>Payable within 1 to 5 years</i> <u>AED</u>
Accounts payable	3,364,056	3,364,056	-
Accruals and other payables	8,345,559	8,345,559	-
Vehicle loan	275,722	111,264	164,458
Due to subsidiary of ultimate parent company	8,815,082	8,815,082	-
Loan from subsidiary of ultimate parent company	96,894,763	4,389,966	92,504,797
Term loan	98,831,552	-	98,831,552
Unsecured loans	35,275,312	-	35,275,312
Staff end of service gratuity	324,916	-	324,916
	<u>252,126,962</u>	<u>25,025,927</u>	<u>227,101,035</u>

**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. 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>2023 Equivalent AED</i>	<i>2022 Equivalent AED</i>
<b>Foreign currency financial liabilities</b>		
Loan from subsidiary of ultimate parent company INR	96,894,763	75,799,509
Due to related parties INR	8,815,082	2,701,635

**29. Financial instruments: Fair values**

The fair values of the group's financial assets, comprising other receivables, refundable deposits and cash and bank balances and financial liabilities comprising term and vehicle loan, unsecured loans, due to subsidiary of ultimate parent company, loan from subsidiary of ultimate parent company, accounts payable and accruals and other payables are approximate to their carrying values.

## ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

**Notes to the Consolidated Financial Statements**  
*for the year ended 31 March 2023*

**30. Contingent liabilities**

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

	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
<b>31. Capital commitments</b>		
Contracted but not provided for in the accounts	<u>508,415,742</u>	<u>324,565,734</u>

**32. Subsequent event**

In terms of an agreement entered with Burj District One Ltd, subsidiary of JV company, in last quarter of 2022-23, out of total development work in progress of AED 198,746,629 carried in the accounts, the qualifying expenditure approved by JV partner as disclosed in note 10 to the consolidated financials statement will be transferred to subsidiary of JV company and the balance will be carried in the group's accounts as an investment in joint venture. The group will continue to assist in project management, supervision and successful development of the project till its completion at an agreed fees.

Further, the group has settled AED 72.30 million term loan of a bank.

**33. 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.

**34. 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 May 2023.