

ZUARI INFRA MIDDLE EAST LIMITED

Financial Statements

31 March 2024

ZUARI INFRA MIDDLE EAST LIMITED

Financial Statements
31 March 2024

<i>CONTENTS</i>	<i>PAGES</i>
Directors' Report	1
Independent Auditor's Report	2 – 3
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 – 18

ZUARI INFRA MIDDLE EAST LIMITED
Directors' Report

The Directors submit their report, together with the audited financial statements of **ZUARI INFRAMIDDLE EAST LIMITED** (the "company"), for the year ended 31 March 2024.

Results and appropriations

The results of the company and the appropriations made for the year ended 31 March 2024 are set out on pages 5 and 6 of the financial statements.

In our opinion, the financial statements set out on pages 4 to 18 are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2024, the financial performance, changes in equity and cash flows of the company 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 company will be able to pay its debts as and when they fall due.

Review of the business

The company continues to receive funds from the parent company and provide funds for residential real estate development project being managed by the subsidiary company on which interest income is earned 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 2024 and its interest as at that date in the share capital of the company was as under:

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

Directors

The directors who served during the year were as follows:

- Vinay Varma
- Venkatesan Subramanian

Independent auditor

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



Vinay Varma
DIRECTOR



**INDEPENDENT AUDITOR'S 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 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2024, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and the Jebel Ali Free Zone Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and regulations issued by the Jebel Ali Free Zone Authority and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's 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 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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

7 May 2024

Dubai, United Arab Emirates



ZUARI INFRA MIDDLE EAST LIMITED

Statement of Financial Position
as at 31 March 2024

	<i>Notes</i>	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
ASSETS			
Cash and cash equivalents	5	3,155	4,718,750
VAT receivable		-	3,965
Account receivable	6	9,740,000	9,740,000
Due from a subsidiary	7	294,906,564	99,521,970
Investment in a subsidiary	8	2,147,000	147,000
Property, plant and equipment	9	-	-
Total assets		<u>306,796,719</u>	<u>114,131,685</u>
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable	10	1,200,000	-
Accruals		6,300	8,970
Due to parent shareholder company	11	11,278,360	8,561,000
Loan from parent shareholder company	12	<u>301,659,542</u>	<u>96,894,763</u>
Total liabilities		<u>314,144,202</u>	<u>105,464,733</u>
Equity			
Shareholder's funds			
Share capital	13	10,000	10,000
(Accumulated losses) /retained earnings		<u>(7,357,483)</u>	<u>8,656,952</u>
Equity(deficit)/funds		<u>(7,347,483)</u>	<u>8,666,952</u>
Total liabilities and equity		<u>306,796,719</u>	<u>114,131,685</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

For and on behalf of the board of directors,



Vinay Varma
DIRECTOR



ZUARI INFRA MIDDLE EAST LIMITED

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2024

	<i>Notes</i>	<i>2024 AED</i>	<i>2023 AED</i>
Revenue	14	<u>30,580,793</u>	<u>9,919,275</u>
Foreign exchange gain		-	6,218,793
Expenditure			
Management fees	15	(1,326,720)	-
Legal and professional fees		(35,725)	(31,400)
Other administrative expenses		(3,121)	-
Foreign exchange loss	16	(8,922,454)	-
Finance costs (net)	17	<u>(36,307,208)</u>	<u>(10,179,986)</u>
Total expenditure		<u>(46,595,228)</u>	<u>(10,211,386)</u>
(Loss)/profit for the year		(16,014,435)	5,926,682
Other comprehensive income / (loss)		-	-
Total comprehensive (loss)/income for the year		<u>(16,014,435)</u>	<u>5,926,682</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED

Statement of Changes in Equity
for the year ended 31 March 2024

	<i>Share capital AED</i>	<i>Retained earnings/ (accumulated losses) AED</i>	<i>Total AED</i>
As at 31 March 2022	10,000	2,730,270	2,740,270
Profit for the year	<u>-</u>	<u>5,926,682</u>	<u>5,926,682</u>
As at 31 March 2023	10,000	8,656,952	8,666,952
Loss for the year	<u>-</u>	<u>(16,014,435)</u>	<u>(16,014,435)</u>
As at 31 March 2024	<u>10,000</u>	<u>(7,357,483)</u>	<u>(7,347,483)</u>

The notes on pages 8 to 18 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED

Statement of Cash Flows
for the year ended 31 March 2024

	<i>Notes</i>	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
<u>Cash flows from operating activities</u>			
Profit for the year		(16,014,435)	5,926,682
Adjustments for:			
Finance costs (net)	17	36,307,208	10,179,986
Interest income from a subsidiary	14	(30,580,605)	(9,916,708)
Exchange loss / (gain)		<u>8,922,454</u>	<u>(6,218,793)</u>
Operating loss before working capital changes		(1,365,378)	(28,833)
(Increase)/ decrease in other receivables		3,965	(1,165)
Increase/(decrease) in accruals		<u>(2,670)</u>	<u>(11,871)</u>
Net cash from / (used in) operating activities		<u>(1,364,083)</u>	<u>(41,869)</u>
<u>Cash flow from investing activity</u>			
Payment for investment in subsidiary	8	<u>(800,000)</u>	-
Net cash from/ (used in) investing activity		<u>(800,000)</u>	<u>-</u>
<u>Cash flows from financing activities</u>			
Funds received from (due to) parent shareholder company		2,572,082	(622,345)
Funds received from /(paid to) subsidiary		(164,803,989)	(22,734,908)
Finance costs paid (net)		(767)	(414)
Proceeds from loan from parent shareholder company		<u>159,681,162</u>	<u>17,016,162</u>
Net cash from / (used in) financing activities		<u>(2,551,512)</u>	<u>(6,341,505)</u>
Net increase/ (decrease) cash and cash equivalents		(4,715,595)	(6,383,374)
Cash and cash equivalents at the beginning of the year		<u>4,718,750</u>	<u>11,102,124</u>
Cash and cash equivalents at the end of the year	5	<u><u>3,155</u></u>	<u><u>4,718,750</u></u>

The notes on pages 8 to 18 form an integral part of these financial statements.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2024***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 Infraworld 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 premise of a wholly owned subsidiary.

The ultimate parent company is Zuari Industries Ltd, 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 managing 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.

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.

Statement of compliance

The financial statements have been prepared under accrual basis of accounting in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of Jebel Ali Free Zone Authority.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

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

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.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2024

Basis of preparation (cont'd)

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2023, have been adopted in these financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts	1 April 2023
Definition of Accounting Estimates – amendments to IAS 8	1 April 2023
International Tax Reform – Pillar Two Model Rules – amendments to IAS 12.	1 April 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12	1 April 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.	1 April 2023

New standards, amendments and interpretations not yet adopted

	Effective for annual periods beginning on or after
Lease liability in a Sale and Leaseback – Amendments to IFRS 16	1 April 2024
Supplier Finance Agreements – Amendments to IAS 7 and IFRS 7	1 April 2024
Non-current Liabilities with Covenants – Amendments to IAS 1	1 April 2024

The company is currently assessing the impact of these standards and amendments on future financial statements and intends to adopt these, as applicable, when they become effective.

3. Material accounting policy information

The material 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.

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2024***Material accounting policy information (cont'd)****Investment in a subsidiary**

Subsidiaries are the entities over which the company has the power to govern the financial and operating policies. Investment in a subsidiary is accounted for at cost less provision for impairment in value of the investments, if any. Dividend income is recognized in the statement of profit or loss and other comprehensive income when dividend is declared by the subsidiary out of the profits made subsequent to the date of acquisition.

Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are derecognized when they are extinguished, cancelled or expired.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the company's business model for managing the financial assets and the contractual cash flow

characteristics of the financial assets. The company's financial assets include financial assets measured at amortized cost comprising account receivable, due from a subsidiary and bank balance.

Account receivable

Account 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 balance in current accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The company's financial liabilities include loan from parent shareholder company, due to parent shareholder company and accounts 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.

Offsetting

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

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2024***Material accounting policy information (cont'd)****Corporate Income Tax**

On 9 December 2022, the U.A.E. Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the U.A.E. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, U.A.E. businesses will be subject to a 9% CT rate, however a rate 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by the way of a Cabinet Decision.

As the company's accounting year ends on 31 March, accordingly the effective implementation date for the company will start from 1 April 2024 to 31 March 2025, with the first return to be filed on or before 31 December 2025.

The company is currently assessing the impact of these laws and regulations and will apply the requirements as they come into effect.

Value added tax

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

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

The net amount of value added tax recoverable from, or payable to, the Federal Taxation Authority is included as part of receivables or payables in the statement of financial position.

Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is reduced for estimated returns, rebates and other similar allowances.

Management fees

Management fees principally relate to project management services provided in line with the terms of arrangement/ agreement following the accrual basis and is recognized in the period to which the services relate.

Interest income

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

ZUARI INFRA MIDDLE EAST LIMITED**Notes to the Financial Statements**
*for the year ended 31 March 2024***Material accounting policy information (cont'd)****Provisions**

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Borrowing costs

Borrowing costs as incurred and directly attributable to the project development and on behalf of related entities are recharged to the respective entities.

Foreign currency transactions

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

4. Significant judgment employed in applying accounting policies and key sources of estimation uncertainty**4.1 Significant judgment employed****Impairment of non-financial assets**

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any of such indication exists, the company estimates the asset's recoverable amount which is the higher of fair value less costs to sell and value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

4.2 Key sources of estimation uncertainty

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment of accounts receivable

An estimation of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of past time due, based on anticipated recovery rates.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2024**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. Account receivable

This represents management consultancy fees receivable from the company's wholly owned subsidiary as per terms of arrangement/ agreement.

The company's average credit period is 0-180 days after which receivable is considered to be past due. As at 31 March 2024, the aging of a receivable is as follows:

	Total AED	> 5 years AED
2024	9,740,000	9,740,000
Provision	-	-
Net of provision	9,740,000	9,740,000

The outstanding balance will be adjusted on completion of the project during the Financial year 2025-26.

7. Due from a subsidiary

This represents 12.5 to 15% (*previous year 0 to 15 %*) per annum interest bearing funds advanced to a subsidiary company without any fixed repayment schedule.

8. Investment in a subsidiary

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>% of Ownership *</i>	<i>2024 AED</i>	<i>2023 AED</i>
Zuari Infracore S J M Properties L.L.C.	U.A.E.	100	<u>2,147,000</u>	<u>147,000</u>
Share of net book value			<u>(46,388,723)</u>	<u>(6,402,606)</u>

* *Previous year Dejure - 49%, Defacto 100%.*

The subsidiary company is engaged in management of long term real estate development project which is expected to be completed by the year 2025-26.

As per the project profitability statement prepared by the management of the subsidiary company, the project is estimated to earn positive cash flow and profits.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2024

9. Property, plant and equipment	<i>Office equipment AED</i>	
Cost		
As at 01.04.2023	<u>3,226</u>	
As at 31.03.2024	<u>3,226</u>	
Accumulated depreciation		
As at 01.04.2023	<u>3,226</u>	
As at 31.03.2024	<u>3,226</u>	
Net book value		
As at 31.03.2024	=	
As at 31.03.2023	=	
10. Accounts payable		
This represents an amount payable on account of 100 % shared acquired of the subsidiary company from Dubai Holding LLC during the year.		
11. Due to parent shareholder company		
This represents non-interest bearing amount payable on account of management fees, guarantee commission, finance charges and related expenses.		
12. Loan from parent shareholder company		
This represents unsecured and 12.5 to 15% (<i>previous year 15%</i>) per annum interest bearing loan from Zuari Infracore India Limited which is repayable not later than six years from drawdown.		
	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
13. Share capital		
Authorized, issued and paid up:		
10,000 shares of AED 1 each	<u>10,000</u>	<u>10,000</u>
14. Revenue		
Management fees- <i>subsidiary company</i> *	-	-
Interest income from a subsidiary	30,580,605	9,916,708
Interest income from bank	188	2,567
	<u>30,580,793</u>	<u>9,919,275</u>
* <i>Waived during the year.</i>		
15. Management fees		

The company has entered into service fees agreement with parent company which was terminated effective 1 October 2023. Consequently, there will be no charge for management fee.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2024

16. Foreign exchange loss

During the year, effective 1 October 2023, in terms of amendment to loan agreement with the parent company, loan currency has been re denominated from Indian Rupee to Arab Emirates Dirhams (AED). This change has resulted in recognition of exchange loss of AED 8,922,454 and corresponding increase in loan liability.

	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
17. Finance costs (net)		
Finance charges and related fees	<u>1,480,391</u>	<u>7,036,384</u>
	1,480,391	7,036,384
Less: Recharged to the subsidiary company	<u>(1,480,391)</u>	<u>(7,036,384)</u>
	-	-
Interest on loan from parent shareholder company	36,306,441	10,179,572
Bank charges	<u>767</u>	<u>414</u>
	<u>36,307,208</u>	<u>10,179,986</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 less cash and cash equivalents) and equity (comprising share capital and retained earnings/(accumulated losses)).

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

- Zuari Industries 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*
- Dubai Holding LLC, U.A.E. – *One of the partners of a subsidiary company*

The company receives/provides funds with or without interest from/to related parties as and when required to meet with its subsidiary company's project funding requirements. Significant transactions with related parties during the year were as under:

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2024

Related party transactions and balances (cont'd)

		<i>Parent shareholder company AED Dr/(Cr)</i>	<i>Subsidiary company AED Dr/(Cr)</i>	<i>Partner of a subsidiary company AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
Transactions:					
Management fee income *	2024	-	-	-	-
	2023	-	-	-	-
Management fee expense	2024	1,326,720	-	-	1,326,720
	2023	-	-	-	-
Interest income	2024	-	(30,580,605)	-	(30,580,605)
	2023	-	(9,916,708)	-	(9,916,708)
Interest on loan	2024	36,306,441	-	-	36,306,441
	2023	10,179,572	-	-	10,179,572
Recharge of finance charges	2024	-	1,480,391	-	1,480,391
	2023	-	(7,036,384)	-	(7,036,384)
Shares purchase	2024	-	-	2,000,000	2,000,000
	2023	-	-	-	-

* Waived during the year

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

		<i>Parent shareholder company AED Dr/(Cr)</i>	<i>Subsidiary company AED Dr/(Cr)</i>	<i>Partner of a subsidiary company AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
Balances:					
Account receivable	2024	-	9,740,000	-	9,740,000
	2023	-	9,740,000	-	9,740,000
Funding balance	2024	(11,278,360)	294,906,564	-	283,628,204
	2023	(8,561,000)	99,521,970	-	90,960,970
Unsecured Loan	2024	(301,659,542)	-	-	(301,659,542)
	2023	(96,894,763)	-	-	(96,894,763)
Accounts payable	2024	-	-	(1,200,000)	(1,200,000)
	2023	-	-	-	-

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2024

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

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the management and parent companies who ensures that sufficient funds are made available to the company to meet the commitments as they fall due.

Although, short term payables are perceived as a liquidity risk, adequate steps are taken by the management and the parent companies to timely meet with the funding requirements.

The following are the contractual maturities of the company's financial liabilities as of 31 March 2024.

	<i>Carrying amounts AED</i>	<i>Payable within next 12 months AED</i>	<i>Payable Between 2 to 5 years AED</i>
Due to parent shareholder company	11,278,360	11,278,360	-
Accounts payable and accruals	1,206,300	1,206,300	-
Loan from parent shareholder company	301,659,542	-	301,659,542
	<u>314,144,202</u>	<u>12,484,660</u>	<u>301,659,542</u>

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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. 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.

21. Financial instruments: Fair values

The fair values of the company's financial assets, comprising account receivable, due from a subsidiary, investment in a subsidiary and bank balance and financial liabilities comprising due to parent shareholder company, loan from parent shareholder company accounts payable and accruals approximate to their carrying values.

ZUARI INFRA MIDDLE EAST LIMITED

Notes to the Financial Statements
for the year ended 31 March 2024

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. Such reclassification does not affect the previously reported profit, net assets or equity of the company.

24. Approval of the financial statements

To the best of the knowledge of the management and those charge with governance, the financial statements fairly present, in all material respects, the financial position, financial performance and cash flows of the company as of, and for the year ended 31 March 2024. The financial statements were approved by the board of directors and authorised Mr. Vinay Varma to sign on behalf of the board on 7 May 2024.

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

Consolidated Financial Statements

31 March 2024

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Financial Statements
31 March 2024

<u>CONTENTS</u>	<u>PAGES</u>
Directors' Report	1 – 2
Independent Auditor's Report	3 – 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 – 25

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 2024.

Results and appropriations

The results of the group and the appropriations made for the year ended 31 March 2024 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 25 are drawn up so as to give a true and fair view of the financial position of the group as at 31 March 2024, and 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 group carried out following activities during the year for the project being developed:

- During the previous year end the group successfully launched its project “Exquisite Living Residences”.
- The project “Exquisite Living Residences” was awarded as the best residential interior show home in Dubai by Arabian Property Awards.
- The group has managed to sell 222 out of 232 residential units (96%) since the launch of the project and have collected AED 412 million in the ESCROW account against sales contract with the customers.
- The group has successfully completed the Oqood registration of 192 units out of 222 units sold and the remaining units’ registration is under process.
- The construction activities commenced on 17 May 2023 and the completion percentage certified by RERA as on end of March 2024 was 25 %. The project is expected to be completed in the IV quarter of 2025-26.
- During the financial year the group has pre-settled the Foreign Currency Term Loan of USD 27.5 Million availed from Yes Bank Ltd.
- The group has secured a Term loan of AED 50 million from Emirates NBD to repay their existing debts and to meet project expenses.
- 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 group has obtained financial support from all the related parties till the completion of the project and delayed payment facility from the creditors.
- 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 group and its parent entities.

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

Event since the end of the year

There were no important events which 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.

On behalf of the board :



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 2024, 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 material accounting policy information.

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 2024, 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.

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.

**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)

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.

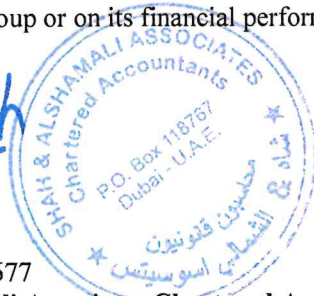


Signed by:
C. D. Shah
Partner
Registration No. 677

Shah & Alshamali Associates Chartered Accountants

7 May 2024

Dubai, United Arab Emirates




ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Statement of Financial Position
as at 31 March 2024

	<i>Notes</i>	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
ASSETS			
Escrow & restricted accounts	5	286,549,967	113,155,968
Cash & cash equivalents	6	4,678,707	5,394,704
Account receivable	7	2,612,097	-
Advances and other receivables	8	313,774	1,242,053
Prepayments		13,352	42,987
Property, plant and equipment	9	478,320	576,036
Advance against project development	10	-	21,450,000
Investment in joint venture	11	279,314,581	-
Development work in progress	12	-	198,746,629
Goodwill on consolidation	13	-	325,687
Total assets		<u>573,960,798</u>	<u>340,934,064</u>
LIABILITIES AND EQUITY			
Liabilities			
Account payable	14	1,200,000	3,364,056
Other payables & accruals	15	15,591,321	8,345,559
Vehicle loan	16	181,932	275,722
Due to subsidiary of ultimate parent company	17	11,529,773	8,815,082
Loan from subsidiary of ultimate parent company	18	301,659,542	96,894,763
Term loan	19	-	98,831,552
Contract liabilities	20	291,409,103	113,170,206
Unsecured loans	21	33,760,312	35,275,312
Staff end of service gratuity	22	391,438	324,916
Total liabilities		<u>655,723,421</u>	<u>365,297,168</u>
Equity			
Share capital	23	10,000	10,000
Accumulated losses		<u>(81,772,623)</u>	<u>(24,373,104)</u>
Equity deficit		<u>(81,762,623)</u>	<u>(24,363,104)</u>
Total liabilities and equity		<u>573,960,798</u>	<u>340,934,064</u>

The notes on pages 9 to 25 form an integral part of these consolidated financial statements.



Vinay Varma
DIRECTOR



ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2024

	<i>Notes</i>	<i>2024 AED</i>	<i>2023 AED</i>
Revenue from contract with customer	24	<u>5,241,935</u>	<u>-</u>
Interest income		188	2,567
Foreign exchange gain		-	6,218,793
Credit balance written back		15,000	-
Expenditure			
Facility management and development advisory fee	25	(9,326,720)	-
Managerial remuneration and expenses		(715,500)	(27,224)
Staff salaries and benefits	26	(1,279,954)	(70,260)
Rent	27	(46,000)	-
Legal and professional fees		(82,225)	(67,017)
Loss on sale of property, plant and equipment		-	(21,639)
Other administrative expenses		(519,160)	(321,512)
Foreign exchange loss	28	(8,922,454)	-
Impairment of advances		-	(250,000)
Impairment of goodwill	13	(1,398,968)	-
Depreciation		(97,716)	(114,344)
Finance costs	29	(40,215,003)	(10,200,773)
Total expenditure		<u>(62,603,700)</u>	<u>(11,072,769)</u>
Loss from operations		<u>(57,346,577)</u>	<u>(4,851,409)</u>
Share of loss from a joint venture entity	11	<u>(52,942)</u>	<u>-</u>
Loss for the year		<u>(57,399,519)</u>	<u>(4,851,409)</u>
Other comprehensive income / (loss)		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(57,399,519)</u>	<u>(4,851,409)</u>

The notes on pages 9 to 25 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 2024

	<i>Share capital AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
As at 31 March 2022	10,000	(19,521,695)	(19,511,695)
Loss for the year	-	(4,851,409)	(4,851,409)
As at 31 March 2023	10,000	(24,373,104)	(24,363,104)
Loss for the year	-	(57,399,519)	(57,399,519)
As at 31 March 2024	<u>10,000</u>	<u>(81,772,623)</u>	<u>(81,762,623)</u>

The notes on pages 9 to 25 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 2024

	<i>Notes</i>	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
<u>Cash flows from operating activities</u>			
Loss for the year		(57,399,519)	(4,851,409)
Adjustments for:			
Depreciation	9	97,716	114,344
Loss on sale of property, plant and equipment		-	21,639
Provision for staff end of gratuity	22	66,522	61,469
Credit balance written back		(15,000)	-
Impairment of goodwill	13	325,687	-
Exchange loss / (gain)		8,922,454	(6,218,793)
Finance costs (net)	29	<u>40,215,003</u>	<u>15,543,377</u>
Operating profit before working capital changes		(7,787,137)	4,670,627
(Increase)/ decrease in development work in progress	12	-	(19,683,830)
(Increase)/ decrease in accounts receivable, advance, other receivables and prepayment		(1,654,183)	(271,175)
(Increase)/ decrease in funds in escrow and restricted account		(173,393,999)	(113,155,968)
Increase in contract liabilities	20	178,238,897	113,170,206
Increase/ (decrease) in accounts and other payable and accruals		<u>6,775,665</u>	<u>3,086,795</u>
Cash flow from / (used in) operating activities		<u>2,179,243</u>	<u>(12,183,345)</u>
Staff end of service gratuity paid	22	-	(18,760)
Net cash from/(used in) operating activities		<u>2,179,243</u>	<u>(12,202,105)</u>
<u>Cash flows from investing activities</u>			
Payment for purchase of property, plant and equipment	9	-	(562,066)
Payment of funds towards investment in joint venture	11	(59,117,952)	-
Proceeds from sale of property, plant and equipment	9	-	100,476
Net cash from / (used in) investing activities		<u>(59,117,952)</u>	<u>(461,590)</u>
<u>Cash flows from financing activities</u>			
Funds received from /(paid to) subsidiary of ultimate parent company	17	1,369,413	(1,216,001)
Payment of funds against project development	10	-	(450,000)
Payment of term and vehicle loan		(98,925,342)	275,722
Proceeds from loan from parent shareholder company	18	159,681,162	17,016,162
Proceeds from/(payment of) unsecured loans (net)	21	(1,500,000)	500,000
Finance costs paid (net)		<u>(4,402,521)</u>	<u>(9,253,724)</u>
Net cash from/(used in) financing activities		<u>56,222,712</u>	<u>6,872,159</u>
Net increase/ (decrease) in cash and cash equivalents		(715,997)	(5,791,536)
Cash and cash equivalents at the beginning of the year		<u>5,394,704</u>	<u>11,186,240</u>
Cash and cash equivalents at the end of the year	6	<u>4,678,707</u>	<u>5,394,704</u>

The notes on pages 9 to 25 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 2024***1. Legal status and activity**

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 as its sole shareholder. The ultimate parent company is Zuari Industries Ltd, India, an entity incorporated under the law of India. The consolidated financial statements of the group as at 31 March 2024 comprise of the parent company and its subsidiary (collectively referred to as the “group”).

The company is engaged in providing management and financial support to its wholly owned subsidiary which is engaged in managing a residential real estate project in Burj Khalifa 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 company’s subsidiary is Zuari Infracore S J M Properties L.L.C, (the “subsidiary”) 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 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*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.

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). The extent of company’s shareholding and the principal activity of the subsidiary are set out below:

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024

Basis of preparation (cont'd)

Basis of consolidation (cont'd)

Name of entity	Country of incorporation	Relation	Activity	% of ownership	% of ownership
				2024	2023
Zuari Infracore S J M Properties L.L.C.	United Arab Emirates	Subsidiary	The principal activity of the company is real estate development	100%	49% *

* Previous year Dejure - 49%, Defacto 100%.

Control is achieved when the company:

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

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

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company has control over its subsidiary, including:

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

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.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024*Application of new and revised International Financial Reporting Standards (IFRSs)*

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts	1 April 2023
Definition of Accounting Estimates – amendments to IAS 8	1 April 2023
International Tax Reform – Pillar Two Model Rules – amendments to IAS 12.	1 April 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12	1 April 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.	1 April 2023

New standards, amendments and interpretations not yet adopted

	Effective for annual periods beginning on or after
Lease liability in a Sale and Leaseback – Amendments to IFRS 16	1 April 2024
Supplier Finance Agreements – Amendments to IAS 7 and IFRS 7	1 April 2024
Non-current Liabilities with Covenants – Amendments to IAS 1	1 April 2024

The group is currently assessing the impact of these standards and amendments on future financial statements and intends to adopt these, as applicable, when they become effective.

3. Material accounting policy information

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.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY**Notes to the Consolidated Financial Statements
for the year ended 31 March 2024****Material accounting policy information (cont'd)****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.

Investment in 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.

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 accounts and other receivables and cash and cash equivalents.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY**Notes to the Consolidated Financial Statements**
*for the year ended 31 March 2024***Material accounting policy information (cont'd)***Financial assets (cont'd)**Accounts receivable*

Accounts receivable are stated at original amount less a provision for any uncollectible amounts or loss allowance. Bad debts are written off when there is no possibility of recovery.

Other current financial assets

Other current financial assets comprise refundable deposits and escrow account.

Cash and cash equivalents

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

Financial liabilities

The group's financial liabilities include due to subsidiary of ultimate parent company, loan from subsidiary of ultimate parent company, unsecured loans, 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.

Contract liabilities

Contract liabilities are the obligation to transfer goods or services to customers for which the group has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the group transfers goods or services to the customers, contract liabilities are recognized when the payment is made, or the payment is due (whichever is earlier).

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements for the year ended 31 March 2024

Material accounting policy information (cont'd)

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 FTA is included as part of receivables or payables in the statement of financial position.

Corporate Income Tax

On 9 December 2022, the U.A.E. Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the U.A.E. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, U.A.E. businesses will be subject to a 9% CT rate, however a rate 0% will be applied to taxable income upto AED 375,000 or to certain types of entities, as prescribed by the way of a Cabinet Decision. As the group's accounting year ends on 31 March, accordingly the effective implementation date for the group will start from 1 April 2024 to 31 March 2025, with the first return to be filed on or before 31 December 2025. The group is currently assessing the impact of these laws and regulations and will apply the requirements as they come into effect.

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

The group recognizes revenue from contracts with customers based on the five-step model set out in IFRS 15:

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

The group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the group's performance as and when the group performs; or
- The group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The group's performance does not create an asset with an alternative use to the group and the group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which performance obligation is satisfied.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY**Notes to the Consolidated Financial Statements
for the year ended 31 March 2024****Material accounting policy information (cont'd)****Revenue recognition (cont'd)***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

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.

Impairment of accounts and other receivables

The loss allowance for accounts and other receivables are based on assumptions about risk of default and expected credit loss rates. The group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024

Significant judgment employed (cont'd)

Impairment of accounts and other receivables (cont'd)

market conditions as well as forward-looking estimates at the end of each reporting period. Any difference between the amounts actually collected in the future period and the amounts expected, will be recognized in the group's statement of profit or loss and other comprehensive income in that period. As at date of statement of financial position, management believes that the recoverability of its accounts and other receivables are certain, accordingly, no provision is created in the accounts.

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.

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.

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>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
5. Escrow & restricted accounts		
Escrow trust account @	270,705,167	86,045,492
Escrow retention account @	15,844,800	-
Restricted current account @	-	27,110,476
	<u>286,549,967</u>	<u>113,155,968</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 11, 20 and 31).</i>		
6. Cash & cash equivalents		
Cash on hand	2,522	2,501
Bank balance in:		
Current accounts	<u>4,676,185</u>	<u>5,392,203</u>
	<u>4,678,707</u>	<u>5,394,704</u>

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024

7. Account receivable

This represents amount receivable on account of management fees charged towards property development agreement entered with subsidiary of Joint venture entity, a related party.

The group's average credit period is 0-90 days after which account receivable is considered to be past due. Unimpaired receivable is expected, on the basis of past experience, to be fully recoverable. As at 31 March 2024 the aging of account receivable is as follows:

	<i>Total</i>	<i>0-90</i>	<i>91-120</i>	<i>121-150</i>	<i>151-180</i>	<i>>180</i>
	<i>Days</i>	<i>Days</i>	<i>Days</i>	<i>Days</i>	<i>Days</i>	<i>Days</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
2024	2,612,097	1,500,000	500,000	500,000	112,097	-

2024
AED

2023
AED

8. Advances and other receivables

Refundable deposits	246,486	105,200
VAT receivable	5,245	1,047,703
Capital advance	-	6,930
Advance to service provider	69,053	67,220
Staff advance	11,390	15,000
Allowance for impairment	(18,400)	-
	<u>313,774</u>	<u>1,242,053</u>

9. Property, plant and equipment

	<i>Office equipment AED</i>	<i>Vehicles AED</i>	<i>Total AED</i>
Cost			
As at 01.04.2023	<u>127,816</u>	<u>730,766</u>	<u>858,582</u>
As at 31.03.2024	<u>127,816</u>	<u>730,766</u>	<u>858,582</u>
Accumulated depreciation			
As at 01.04.2023	117,873	164,673	282,546
Charge for the year	6,120	91,596	97,716
As at 31.03.2024	<u>123,993</u>	<u>256,269</u>	<u>380,262</u>
Net book value			
As at 31.03.2024	<u>3,823</u>	<u>474,497</u>	<u>478,320</u>
As at 31.03.2023	<u>9,943</u>	<u>566,093</u>	<u>576,036</u>

10. Advance against project development

This represents advance amount paid to a related party (Joint Venturer) as per Joint venture agreement for development of "Exquisite Living Residences" project. In terms of agreement between JV partners, the development activity is carried out on behalf of the wholly owned subsidiary of Burj District Development Ltd which owns a plot of land on which "Exquisite Living Residences" project is being developed. In terms of said agreement, advance has been reclassified under investment in joint venture (refer note no 11).

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024

11. Investment in joint venture

	<i>% of beneficial Ownership</i>	<i>2024 AED</i>	<i>2023 AED</i>
Burj District Development Ltd, Cayman Islands. (25000 class B shares of US\$ 1 each)	50%	-	-
		<u>-</u>	<u>-</u>

This represents 50% investment in the issued share capital of Burj District Development Ltd (“JV Company”), Cayman Islands as per JV agreement. The joint venture is formed 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 hold 1 share in Burj District One Limited, a wholly owned, which is a Jebel Ali Offshore Company, Dubai, U.A.E. The subsidiary of a JV company owns a plot of land on which the project “Exquisite Living Residencies” is being managed, supervised and developed by the company.

In terms of an agreement between JV partners, the group is committed to contribute AED 165,000,000 towards the seed capital. Out of this amount the group has contributed AED 159,342,159 till 31 March 2024. Balance of AED 5,657,841 will be contributed before the end of the next financial year. Additionally, the group has incurred / capitalised AED 119,972,422 towards the cost of contributing the seed capital.

	<i>2024 AED</i>	<i>2023 AED</i>
<i>Transferred from development work in progress (refer note 12)</i>	198,746,629	-
<i>Transferred from advance against project development (refer note 10)</i>	21,450,000	-
<i>Net addition</i>	59,170,894	-
<i>Share of loss of Joint venture</i>	<u>(52,942)</u>	-
<i>Closing balance</i>	<u>279,314,581</u>	<u>-</u>

The group’s interest in JV company is accounted for using an equity method as per management account as at 31 March 2024 is as under:

	<i>2024 AED</i>	<i>2023 AED</i>
Joint venture entity’s statement of financial position		
Assets	278,209,081	-
Liabilities	<u>20,000</u>	-
Equity funds	<u>278,189,081</u>	<u>-</u>
Group’s 50% share of net assets	<u>139,094,541</u>	<u>-</u>
Joint venture entity’s results of operations		
Revenue	-	-
Expenses	<u>(105,884)</u>	-
Loss for the year	<u>(105,884)</u>	-
Group’s 50% share of results for the year	<u>(52,942)</u>	<u>-</u>

The management has reviewed the carrying value of its investment in joint venture by assessing the net realizable value of the project, which is determined by forecasting sales rates, expected sale prices, estimated profit and estimated costs to complete (including escalations and cost overrun). This review by the management shows recovery of investment including accumulated losses incurred by the group and consequently no adjustments/ impairment to the carrying value of investment in joint venture was considered necessary.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024**12. Development work in progress**

In terms of an agreement dated 12 January 2023 the group is entrusted with the task of project management, supervision and successful development of the said project for an agreed fee. The development activity is carried out on behalf of the wholly owned subsidiary of Burj District Development Ltd which owns a plot of land on which "Exquisite Living Residences" project is being developed. Accordingly, development work in progress has been reclassified under investment in joint venture (refer note no 11).

13. Goodwill on consolidation

This represents goodwill arising on consolidation of the financial statement of the group and its wholly owned subsidiary. The movement during the year are as under:

	2024	2023
	AED	AED
Opening balance	325,687	325,687
Net addition	<u>1,073,011</u>	<u>-</u>
	1,398,698	325,687
Impairment of goodwill	<u>(1,398,698)</u>	<u>-</u>
Closing balance	<u><u>=</u></u>	<u><u>325,687</u></u>

14. Account payable

This represents an amount payable on account of 100 % shared acquired of the subsidiary company from Dubai holding LLC during the year.

15. Other payables & accruals

Interest payable on unsecured loans @	6,016,225	4,612,718
Directors' remuneration payable	1,200,000	-
Salaries payable #	141,225	-
Facility and advisory fees payable (refer note 31)	8,000,000	-
Interest on term loan from Yes bank Ltd	-	3,430,218
Interest on vehicle loan	1,135	1,721
VAT payable	114,046	-
Other payable	-	153,000
Accruals	<u>118,690</u>	<u>147,902</u>
	<u>15,591,321</u>	<u>8,345,559</u>

@ Includes AED 1,281,094 (previous year AED 281,428) payable to related parties.

Includes AED 86,300 (previous year AED nil) payable to related parties.

16. Vehicle loan

	2024	2023
	AED	AED
Less than 1 year	111,264	111,264
More than 1 year	<u>70,668</u>	<u>164,458</u>
	<u>181,932</u>	<u>275,722</u>

17. Due to subsidiary of ultimate parent company

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

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024**18. Loan from subsidiary of ultimate parent company**

This represents unsecured and 12.5 to 15% (*previous year 15%*) per annum interest bearing loan from Zuari Infracore India Limited which is repayable not later than six years from drawdown.

19. Term loan

This represents term loan availed from Yes Bank Limited, IFSC banking unit, GIFT City, Gujarat, India for project development related expense. During the year the loan is repaid in full.

20. Contract liabilities

This represents funds received in Escrow and current account in the name of the group towards sales proceeds from the customers on account of sales of residential units by appointed marketing partner. The funds are received for and on behalf of a subsidiary of JV company.

21. 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 3 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.

	<i>2024</i>	<i>2023</i>
	<i>AED</i>	<i>AED</i>
22. Staff end of service gratuity		
As at 1 April	324,916	229,147
Provision created during the year	66,522	61,469
Transfer from a related party	-	53,060
Payment made during the year	-	<u>(18,760)</u>
As at 31 March @	<u>391,438</u>	<u>324,916</u>

@ Includes AED 262,777 (*previous year AED 222,877*) payable to a related party.

23. Share capital

Authorized, issued and paid up:
10,000 shares of AED 1 each

10,000

10,000

24. Revenue from contract with customer

This represents management fees on account of property development agreement entered with subsidiary of Joint venture entity. (*Refer note 7*).

25. Facility management and development advisory fee

During the year, effective 1 October 2023, the group has entered into facility arrangement and advisory fees agreement for a lumpsum fee with the subsidiary of ultimate parent company.

26. Staff salaries and benefits

In the previous year, they are stated net of amount charged to development work in progress.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024**27. Rent**

In the previous year, lease rent is charged to development work in progress.

28. Foreign exchange loss

During the year, effective 1 October 2023, in terms of amendment to loan agreement with the subsidiary of ultimate parent company, loan currency has been re denominated from Indian Rupee to Arab Emirates Dirhams (AED). This change has resulted in recognition of exchange loss of AED 8,922,454 and corresponding increase in loan liability.

	2024	2023
	<u>AED</u>	<u>AED</u>
29. Finance costs		
Interest on bank loans @	530,057	(2,919,727)
Interest on unsecured loans	1,820,642	1,006,007
Loan processing fees and other charges	<u>1,531,618</u>	<u>7,256,324</u>
	3,882,317	5,342,604
Taken to development work in progress	-	<u>(5,342,604)</u>
	3,882,317	-
Interest on loan from subsidiary of ultimate parent company	36,306,441	10,179,572
Interest on vehicle loan	15,754	7,163
Bank charges	<u>10,491</u>	<u>14,038</u>
	<u>40,215,003</u>	<u>10,200,773</u>

@ Net reversal of facility fees of AED 9,182,000 and interest rate swaps of AED 2,170,448 in previous year.

30. 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 shareholder 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 2024. Capital comprises share capital in cash and kind (which is not measured) and accumulated losses and is measured at deficiency of asset of AED 81,762,623 as at 31 March 2024 (*previous year deficiency of asset of AED 24,363,104*).

31. 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, India

Subsidiary of ultimate parent company / Parent shareholder company
Zuari Infracore India Limited, India

Related party of ultimate parent company
Indian Furniture Products Limited. U.A.E.
Adventz Trading DMCC , U.A.E.
Acument insight DMCC, U.A.E.
New Eros Trade Com Limited , India
Globalware Trading & Holdings Ltd, U.A.E.
(Wholly owned by Mr. Akshay Poddar)

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024

Related party transactions and balances (cont'd)

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 personnels

Vinay Varma

Akshay Poddar

Alok Banerjee

Venkatesan Subramanian

One of the partners of a subsidiary company

Dubai Holding LLC, U.A.E

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

		Joint venture AED Dr/(Cr)	Subsidiary of UPC AED Dr/(Cr)	Subsidiary of joint venture AED Dr/(Cr)	Key Managerial personnels AED Dr/(Cr)	Related party of UPC AED Dr/(Cr)	Partner of subsidiary company AED Dr/(Cr)	Total AED Dr/(Cr)
Transactions:								
Interest on loans	2024	-	36,306,441	-	672,070	327,595	-	37,306,106
	2023	-	10,179,572	-	-	281,428	-	10,461,000
Salary and benefits	2024	-	-	-	345,600	-	-	345,600
	2023	-	-	-	316,800	-	-	316,800
Managerial remuneration and expenses	2024	-	-	-	690,000	-	-	690,000
	2023	-	-	-	182,943	-	-	182,943
Contract liabilities	2024	-	-	(178,238,897)	-	-	-	(178,238,897)
	2023	-	-	(113,170,206)	-	-	-	(113,170,206)
Staff end of service gratuity	2024	-	-	-	39,900	-	-	39,900
	2023	-	-	-	42,433	53,060	-	95,493
Share of loss from a joint venture entity	2024	52,942	-	-	-	-	-	52,942
	2023	-	-	-	-	-	-	-
Facility management and development advisory Fees	2024	-	9,326,720	-	-	-	-	9,326,720
	2023	-	-	-	-	-	-	-
Business facilitation fees	2024	-	-	-	-	100,000	-	100,000
	2023	-	-	-	-	-	-	-
Revenue from contract with customer	2024	-	-	(5,241,935)	-	-	-	(5,241,935)
	2023	-	-	-	-	-	-	-
Shares purchase	2024	-	-	-	-	-	2,000,000	2,000,000
	2023	-	-	-	-	-	-	-

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024

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>Key Managerial personnels AED Dr/(Cr)</i>	<i>Partner of subsidiary company AED Dr/(Cr)</i>	<i>Total AED Dr/(Cr)</i>
Balances:								
Advance against project development	2024	-	-	-	-	-	-	-
	2023	-	-	21,450,000	-	-	-	21,450,000
Investment in joint venture	2024	-	-	-	279,314,581	-	-	279,314,581
	2023	-	-	-	-	-	-	-
Account receivable	2024	-	-	-	2,612,097	-	-	2,612,097
	2023	-	-	-	-	-	-	-
Salaries payable	2024	-	-	-	-	(86,300)	-	(86,300)
	2023	-	-	-	-	-	-	-
Directors remuneration payable	2024	-	-	-	-	(1,200,000)	-	(1,200,000)
	2023	-	-	-	-	-	-	-
Unsecured loan	2024	(301,659,542)	(22,285,005)	-	-	-	-	(323,944,547)
	2023	(96,894,763)	(23,785,005)	-	-	-	-	(120,679,768)
Escrow & restricted accounts	2024	-	-	-	286,549,967	-	-	286,549,967
	2023	-	-	-	113,155,968	-	-	113,155,968
Contract liabilities	2024	-	-	-	(291,409,103)	-	-	(291,409,103)
	2023	-	-	-	(113,170,206)	-	-	(113,170,206)
Funding balance	2024	(11,529,773)	-	-	-	-	-	(11,529,773)
	2023	(8,815,082)	-	-	-	-	-	(8,815,082)
Business facilitation fees	2024	-	(105,000)	-	-	-	-	(105,000)
	2023	-	-	-	-	-	-	-
Facility and advisory fees	2024	(8,000,000)	-	-	-	-	-	(8,000,000)
	2023	-	-	-	-	-	-	-
Interest payable	2024	-	(609,024)	-	-	(672,070)	-	(1,281,094)
	2023	-	(281,428)	-	-	-	-	(281,428)
Staff end of service gratuity	2024	-	-	-	-	(262,777)	-	(262,777)
	2023	-	-	-	-	(222,877)	-	(222,877)
Account payable	2024	-	-	-	-	-	(1,200,000)	(1,200,000)
	2023	-	-	-	-	-	-	-

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024

32. 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 account and other receivables and bank balance in current, and restricted 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. Due from related parties are not perceived as credit risk.

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 2024:

	<i>Carrying amounts AED</i>	<i>Payable within next 12 months AED</i>	<i>Payable within 1 to 5 years AED</i>
Accruals, accounts and other payables	16,791,321	16,791,321	-
Vehicle loan	181,932	111,264	70,668
Due to subsidiary of ultimate parent company	11,529,773	11,529,773	-
Loan from subsidiary of ultimate parent company	301,659,542	-	301,659,542
Unsecured loans	33,760,312	-	33,760,312
Staff end of service gratuity	391,438	-	391,438
	<u>364,314,318</u>	<u>28,432,358</u>	<u>335,881,960</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. 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.

ZUARI INFRA MIDDLE EAST LIMITED AND ITS SUBSIDIARY**Notes to the Consolidated Financial Statements**
*for the year ended 31 March 2024***33. Financial instruments: Fair values**

The fair values of the group's financial assets, comprising account and other receivables, refundable deposits and cash and cash equivalents and financial liabilities comprising 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.

34. Contingent liabilities

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

35. Capital commitments

- In terms of JV agreement, Zuari Infraworld S J M Properties L.L.C (the "company") is acting as a custodian /agent of the subsidiary of JV company which is entrusted with the task of project management, supervision and successful development of the said project for an agreed fee.
- All the contracts and their related payments in relation to the above activities are entered into the name of the company.

Consequently, all the commitments regarding ongoing projects are disclosed in the subsidiary of JV company.

36. 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.

37. Approval of the consolidated financial statements

To the best of the knowledge of the management and those charge with governance, the consolidated financial statements fairly present, in all material respects, the financial position, financial performance and cash flows of the group as of, and for the year ended 31 March 2024.

The consolidated financial statements were approved by the board of directors and authorised Mr. Vinay Varma to sign on behalf of the board on 7 May 2024.