

AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah
Island, Abu Dhabi, United Arab Emirates

Financial Statements and Auditor's Report

For the Year Ended March 31, 2023

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Board of Director's Report to the Shareholder

The board of director submits its report and audited financial statements for the year ended March 31, 2023.

Results

The net loss for the year is amounted to AED 27,860,225 as compared to net loss of AED 3,335,565 in the previous year ended March 31, 2022.

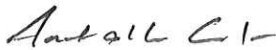
Review of the business

The principle business activity of the Company are, acting as a passive holding company and in general to engage in any lawful activity for which Company may be organized under Companies regulations 2015.

Auditors

A resolution to re-appoint N. R. Doshi & Partners, Public Accountants as auditors and fix their remuneration will be put to the shareholder at the Annual General Meeting.

On Behalf of the Board



Mr. Amitabh Goenka
Director

Date : August 4, 2023



Independent Auditor's Report to the Shareholder of

AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Report on the audit of the financial statements

We have audited the financial statements of AA Infra (Middle East) Limited ("the Company"), which comprise the statement of financial position as at March 31, 2023, 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 summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Opinion

We conducted our audit in accordance with the 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 (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

- i. Without qualifying our opinion, we draw attention to note 5.8.3 in the notes to the financial statements. As mentioned in the note, these financial statements relate to the accounts of the AA Infra (Middle East) Limited (Separate financial statements) only. In order to ascertain the state of affairs of the group as a whole, reference should be made to the consolidated financial statements of the ultimate parent company, South City Projects (Kolkata) Limited, India including figures of subsidiary companies.
- ii. Without qualifying our opinion, we draw attention to note 5.8.4 to these financial statements, the consolidated financial statements prepared by the ultimate parent company is as per Ind AS and not as per IFRS.

Responsibilities of management and those charged with governance for the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association of the Company 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.

(Independent auditor's report continued on next page...)



Independent auditor's report on AA Infra (Middle East) Limited (continued...)

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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.

N.R. Doshi
Public Accountants
Dubai, United Arab Emirates
August 4, 2023



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Statement of Profit or Loss and Other Comprehensive Income**For the Year Ended March 31, 2023**

All figures are expressed in U.A.E. Dirhams

Notes**31.03.2023****31.03.2022****Continuing Operations**

Revenue		0	0
Cost of revenue		0	0
Gross profit		0	0
Other income	6	4,290,211	1,723,567
Other administrative expenses	7	(37,797)	(68,608)
Fair value adjustment to investment properties		750,718	0
Net impairment losses on financial assets	8	(32,863,357)	(4,990,524)
Operating profit / (loss)		(27,860,225)	(3,335,565)
Finance cost		0	0
Finance income		0	0
Profit / (Loss) from continuing operations		(27,860,225)	(3,335,565)

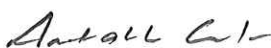
Discontinued Operations

Loss for the year from discontinued operations		0	0
Profit / (Loss) for the year		(27,860,225)	(3,335,565)
Attributable to :			
Shareholder of the Company		(27,860,225)	(3,335,565)
Non-controlling interest		0	0
Profit / (Loss) for the year		(27,860,225)	(3,335,565)

Other comprehensive income

- Items that will not be reclassified subsequent to profit or loss		0	0
- Items that may be reclassified subsequent to profit or loss		0	0
Total Comprehensive income for the year		(27,860,225)	(3,335,565)
Attributable to:			
Shareholder of the Company		(27,860,225)	(3,335,565)
Non-controlling interest		0	0
Total Comprehensive income for the year		(27,860,225)	(3,335,565)

These financial statements on pages 4 to 19 were authorised for issue on August 4, 2023 by the board of director and signed on behalf of the board by:



Mr. Amitabh Goenka
Director



The accompanying notes 1 to 19 form an integral part of these financial statements.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Statement of Financial Position**As at March 31, 2023**

All figures are expressed in U.A.E. Dirhams

Notes**31.03.2023****31.03.2022****ASSETS****Non-Current Assets**

Investment at cost

9

73,500

73,500

Investment properties

10

6,206,525

4,230,474

Total non-current assets

6,280,025

4,303,974

Current Assets

Financial assets at amortised cost

11

21,461,549

54,431,469

Total current assets

21,461,549

54,431,469

Total assets

27,741,574

58,735,443

LIABILITIES**Current Liabilities**

Financial liabilities at amortised cost

13

51,976,570

55,110,214

Total current liabilities

51,976,570

55,110,214

Total liabilities

51,976,570

55,110,214

Net Assets

(24,234,996)

3,625,229

EQUITY

Share capital

1.1

73,448

73,448

Retained earnings

12

(24,308,444)

3,551,781

Total equity

(24,234,996)

3,625,229

These financial statements on pages 4 to 19 were authorised for issue on August 4, 2023 by the board of director and signed on behalf of the board by:

Amitabh Goenka

Mr. Amitabh Goenka
Director



The accompanying notes 1 to 19 form an integral part of these financial statements.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Statement of Changes in Equity

For the Year Ended March 31, 2023

All figures are expressed in U.A.E. Dirhams

	Share Capital	Retained Earnings	Total
Balance as at April 1, 2021	73,448	6,887,346	6,960,794
Loss for the year	0	(3,335,565)	(3,335,565)
Other comprehensive income	0	0	0
Total comprehensive income for the year	0	(3,335,565)	(3,335,565)
Transaction with shareholder recorded directly in equity	0	0	0
Balance as at March 31, 2022	73,448	3,551,781	3,625,229
Loss for the year	0	(27,860,225)	(27,860,225)
Other comprehensive income	0	0	0
Total comprehensive income for the year	0	(27,860,225)	(27,860,225)
Transaction with shareholder recorded directly in equity	0	0	0
Balance as at March 31, 2023	73,448	(24,308,444)	(24,234,996)

The accompanying notes 1 to 19 form an integral part of these financial statements.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Statement of Cash FlowsFor the Year Ended March 31, 2023
All figures are expressed in U.A.E. Dirhams

Notes

31.03.2023

31.03.2022

I. Cash flow from operating activities

Loss for the year (27,860,225) (3,335,565)

Adjustments for:

Foreign exchange gain (4,290,211) (1,723,567)

Operating loss before changes in Operating Assets and Liabilities (32,150,436) (5,059,132)

Changes in financial assets at amortised cost 32,969,920 9,220,998

Changes in financial liabilities at amortised cost 1,156,567 68,608

Net cash flow from operating activities 1,976,051 4,230,474

II. Cash flow from investing activities

Change in investment properties (1,976,051) (4,230,474)

Net cash used in investing activities (1,976,051) (4,230,474)

III. Cash flow from financing activities

Change in financial liabilities at amortised cost 0 0

Net cash (used in) / flow from financing activities 0 0

Net Increase / (Decrease) in cash and cash equivalents (I + II + III) 0 0

Cash and cash equivalents as at beginning of the year (Note 5.9) 0 0

Cash and cash equivalents as at end of the year (Note 5.9) 0 0

Non-cash financing and investing activities Nil Nil

The accompanying notes 1 to 19 form an integral part of these financial statements.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Notes to the Financial Statements

For the Year Ended March 31, 2023

All figures are expressed in U.A.E. Dirhams

1 Legal Status, Business Activities and Management

1.1 Legal Status

AA Infra (Middle East) Limited ("the Company") is registered as an Private Company Limited by Shares in accordance with the provisions of Abu Dhabi Global Market under the Commercial Registration Certificate No. 692, under the Company Regulations 2015.

The registered office of the Company is located at 3507, 35, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

The following is its shareholder contributing to the capital of the company:

Shareholder	Incorporated in	Capital	No. of Shares	Share Capital (AED)
AA Infra Properties Private Limited, India	Company Registered in India	100%	20,000	73,448

The authorized Share Capital of the Company is USD 1,000,000 (equivalent to AED 3,672,400). The paid up Share Capital of the Company is USD 20,000 (equivalent to AED 73,448) 20,000 shares of USD 1 each.

1.2 Business Activities

The principle business activity of the Company are, acting as a passive holding company and in general to engage in any lawful activity for which Company may be organized under Companies regulations 2015.

1.3 Management

The board of director of the Company is consist of Mr. Amitabh Goenka, Mr. Jugal Kishore Khetawat, Mr. Pradeep Kumar Sureka and Mr. Sushil Kumar Mohta.

2 Basis of Preparation

2.1 Compliance with International Financial Reporting Standard

The financial statements of the Company has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Notes to the Financial Statements

2.3 Functional and Presentation Currency

The financial statements are presented in U.A.E Dirhams, which is the Company's functional currency. All financial information presented in U.A.E Dirhams has been rounded to the nearest Dirhams.

3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in conformity with IFRSs required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

The key judgments and estimates and assumptions that have significant impact on the financial statements of the Company are as discussed below:

3.1 Investment Properties

The Company has elected to adopt the fair value model for investment properties. Accordingly, investment properties are carried at fair value. The Company determines whether a property qualifies as investment property in accordance with IAS 40 Investment Property. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by the Company.

3.2 Impairment of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.3 Impairment of Non-Financial Assets

The Company assesses whether there are any indicators for impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

3.4 Fair Value Measurement of Financial Instrument

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Notes to the Financial Statements

4.1 New Standards, Interpretations and Amendments to Existing Standards

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing from April 1, 2022. Although these new standards and amendments applied for the first time, they did not have a material impact on the financial statements of the Company. The new standard or amendment is described below:

IAS / IFRS	Brief Description
Amendments to IFRS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

4.2 Standards and Interpretations Issued but not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for March 31, 2023 reporting period and have not been early adopted by the Company.

IAS / IFRS	Effective Date (Annual reporting period commencing from)	Brief Description
IFRS 17	January 1, 2023	Insurance Contracts
Amendments to IAS 1	January 1, 2023	Classification of Liabilities as current or Non-current
Amendments to IAS 1	January 1, 2023	Disclosure of accounting policies
Amendments to IAS 12	January 1, 2023	Deferred tax related to assets and liabilities arising from single transaction
Amendments to IAS 8	January 1, 2023	Definition of Accounting Estimate
Amendments to IFRS 10 and IAS 28	To be determined	Sale or Contribution of Assets between an Investors and its Associate or Joint Venture

4.3 The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5 Summary of Significant Accounting Policies

The accounting policies used by the Company in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Notes to the Financial Statements

5.1 Foreign Currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

5.2 Financial Assets at Amortised Cost

The Company classifies its financial assets that are held for collection of contractual cash flows where those cash flows represents solely payments of principal and interest are measured at amortized cost. At initial recognition, the Company measures it at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

A financial asset or a part of financial assets is derecognised when the right to receive cash flows from the asset have expired; or the Company retains the right to receive cash flow from the asset, but has assumed an obligation to pay them in full without material delay to the third party under a 'pass-through' arrangement; or the Company has transferred its right to receive cash flow from the asset and has transferred substantially all the risks and rewards of the asset; or the Company has transferred its right to receive cash flow from the asset and has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

5.3 Financial Liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Notes to the Financial Statements

The Company's financial liabilities include other financial liabilities at amortized cost.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

5.4 Impairment of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

5.5 Impairment of Non Financial Assets

Non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

5.6 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

5.7 Investment Properties

An Investment property is property held either to earn rental income or for capital appreciation (including property under construction for such purposes). Investment property is measured initially at cost, including transaction costs. Transfer of investment property from property, plant and equipment is measured initially at carrying amount. Subsequent to initial recognition, investment property is measured at fair value.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Notes to the Financial Statements

An Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

5.8 Investment in Subsidiaries

- 5.8.1 Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.
- 5.8.2 Investment in subsidiary companies are recognised at cost. The investor recognises income from the investment only to the extent that the investor receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognised as a reduction of cost of the investment.
- 5.8.3 These financial statements relate to the standalone accounts of the **AA Infra (Middle East) Limited** (Separate financial statements) only. In order to ascertain the state of affairs of the group as a whole, reference should be made to the consolidated financial statements prepared by the ultimate parent company, **South City Projects (Kolkata) Limited, India** (Consolidated) including figures of subsidiary companies. The consolidated financial statements are available and can be obtained from South City Projects (Kol) Ltd, South City Business Park, Unit No. 711, 7th Floor, 770, Anandpur Kolkata 700107, India.
- 5.8.4 The consolidated financial statement separately prepared by the ultimate parent company is as per Ind AS and not as per IFRS.

5.9 Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand, bank current and call accounts and bank fixed deposits free from lien with a maturity date of three months or less from the date of deposit.

5.10 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 365 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

5.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Notes to the Financial Statements

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

6 Other Income	31.03.2023	31.03.2022
Foreign exchange gain	4,290,211	1,723,567
	<u>4,290,211</u>	<u>1,723,567</u>
7 Other Administrative Expenses		
Other expenses	37,797	68,608
	<u>37,797</u>	<u>68,608</u>
8 Impairment Losses on Financial Assets		
Impairment loss on financial assets amortized at cost	32,863,357	4,990,524
	<u>32,863,357</u>	<u>4,990,524</u>
9 Investments in Subsidiary		
Investments in AA Infra Properties Limited	73,500	73,500
	<u>73,500</u>	<u>73,500</u>

9.1	Investment in Subsidiary	Incorporated in	Voting Rights	Ownership
	AA Infra Properties Limited	United Arab Emirates	100.00%	100.00%

9.2 Investment in subsidiaries in these financial statements is recognised at cost.

9.3 These financial statements relate to the standalone accounts of the **AA Infra (Middle East) Limited** (Separate financial statements) only. In order to ascertain the state of affairs of the group as a whole, reference should be made to the consolidated financial statements prepared by the ultimate parent company, **South City Projects (Kolkata) Limited, India** (Consolidated) including figures of subsidiary companies. The consolidated financial statements are available and can be obtained from South City Projects (Kol) Ltd, South City Business Park, Unit No. 711, 7th Floor, 770, Anandpur Kolkata 700107, India.

10 Investment Properties

Balance as at beginning of the year	4,230,474	0
Addition during the year	1,225,333	4,230,474
Increase in fair value	750,718	0
Balance as at end of the year	<u>6,206,525</u>	<u>4,230,474</u>

10.1 The Company has adopted the fair value model as prescribed under International Accounting Standard - 40 Investment Property.



AA INFRA (MIDDLE EAST) LIMITED

3507, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

Notes to the Financial Statements

- 10.2 The property is in the ownership of the Company by virtue Deed of Assignment No. 04 dated June 1, 2021 attested by P H S Tharushi Ananda, Notary Public, Colombo, Sri Lanka and the same has been duly registered under the Colombo Land Registry, under Volume/Folio D 280/130 and D 280/134 and day book receipt No. 19319 dated June 23, 2021. Details of the units built is mentioned below:

Unit Name	Unit Number
Altair	45-SA

- 10.5 The value of investment properties as recognized in this Financial Statements is based on the value certified by the independent valuer.

11 Financial Assets at Amortised Cost **31.03.2023** **31.03.2022**

Short term financial assets at amortised cost

Due from related parties	33,307	33,307
Loan to related party (Refer note 11.1 and 11.2)	54,291,599	54,398,162
Less allowance (Refer note 11.2)	(32,863,357)	0
	<u>21,461,549</u>	<u>54,431,469</u>

- 11.1 The loan given to related party is unsecured, interest free and it is repayable on demand.

- 11.2 The closing loss allowances for loan to related party as at March 31, 2023 reconcile to the opening loss allowances as follows:

Balance as at beginning of the year	0	0
Increased in loss allowance recognised in profit or loss during the year	32,863,357	4,990,524
Balance written off during the year	0	(4,990,524)
Balance as at end of the year	<u>32,863,357</u>	<u>0</u>

12 Retained Earnings

Balance as at beginning of the year	3,551,781	6,887,346
Profit / (Loss) for the year	(27,860,225)	(3,335,565)
Other comprehensive income	0	0
Balance as at end of the year	<u>(24,308,444)</u>	<u>3,551,781</u>

13 Financial Liabilities at Amortised CostShort term financial liabilities at amortised cost

Loan from related party (Refer note 13.1)	50,737,745	55,027,956
Due to related parties	0	76,258
Other payables (Refer note 13.2)	1,225,333	0
Accruals	13,492	6,000
	<u>51,976,570</u>	<u>55,110,214</u>

- 13.1 The loan from related party is unsecured, interest free and it is repayable on demand.

- 13.2 Other payables represents amount payable to developer of investment property.



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14 Related Party and Transactions with Related Parties

For the purpose of these financial statements, parties are considered to be related to the Company, if the party has the ability, directly or indirectly, to control the Company or exercise the significant influence over the Company in making financial or operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

14.1 Related Party Transactions

During the year, the following the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

	31.03.2023	31.03.2022
Acquisition of Investment properties (Refer note 10)	0	4,230,474

14.2 Related Party Balances

Significant related party balances are as follows:

Loan to related party	54,291,599	54,398,162
Less allowance	(32,863,357)	0
Loan from related party	50,737,745	55,027,956
Due from related party	33,307	33,307
Due to related party	0	76,258

15 Financial Instruments

Financial instruments means financial assets and financial liabilities. The Company holds following financial instruments:

Financial assets

Financial assets at amortized cost

- Financial assets at amortized cost

21,461,549	54,431,469
21,461,549	54,431,469

Financial liabilities

Financial liabilities at amortized cost

- Financial liabilities at amortized cost

51,976,570	55,110,214
51,976,570	55,110,214

16 Fair Values of Financial Instruments

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique :



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Level 1 : The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no transfers between different categories for recurring fair value measurements during the year.

17 Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments.

Credit Risk
Liquidity Risk
Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

17.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL) and deposits with banks and financial institutions, as well as credit exposures customers.

a. Other Financial Assets and Cash and Cash Equivalents

With respect to credit risk arising from the other financial assets of the Company, which comprise bank balances and cash, other receivables and deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets. These are considered to have low credit risk. No loss allowance is necessary considering 12 month expected loss.

Credit risk from balances with banks and financial institutions is low since the bank current accounts and bank margins are placed with high credit quality financial institutions and considering the profile of them, the management does not expect any counterparty to fail in meeting its obligations.



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Notes to the Financial Statements**17.2 Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has a commitment from its shareholder of a continuous support in terms of cash flow management.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual maturity dates:

Year Ended: March 31, 2023	Contractual cash flows	12 months or less	Above 12 months
Non-derivative financial liabilities			
- Financial liabilities at amortized cost	51,976,570	51,976,570	0
Derivative financial liabilities	0	0	0
Total financial liabilities	51,976,570	51,976,570	0
Year Ended: March 31, 2022	Contractual cash flows	12 months or less	Above 12 months
Non-derivative financial liabilities			
- Financial liabilities at amortized cost	55,110,214	55,110,214	0
Derivative financial liabilities	0	0	0
Total financial liabilities	55,110,214	55,110,214	0

At present, the Company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Company expects the operating activity to generate sufficient cash inflows. In addition, the Company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.



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17.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

a. Exposure to Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since interest of all loans waived during the year, exposure to interest rate risk is minimum.

b. Exposure to Exchange Rate Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign currency risk at the end of the reporting period, expressed in U.A.E. Dirhams, was as follows:

Particulars	31.03.2023	31.03.2022
Loan from related party (represented in INR and expressed in U.A.E Dirhams)	50,737,745	55,027,956

17.4 Capital Management

Capital includes equity attributable to the shareholder of the Company. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The primary objective of the Company's capital management strategy is to ensure that it maintains a healthy capital gearing ratio in order to support its business and maximise shareholder value.

18 Significant Events Occurring After the Date of Statement of Financial Position

There were no significant events occurring after the financial position date which require disclosure in the financial statements.

19 Comparative Figures

Previous year's figures have been re-grouped or re-classified wherever necessary so as to conform to the current year's presentation.

