

ADANI GLOBAL PTE. LTD.

(Registration number: 200003047N)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

ADANI GLOBAL PTE. LTD.

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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ADANI GLOBAL PTE. LTD.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the member together with the audited financial statements of **ADANI GLOBAL PTE. LTD.** (the "company") for the financial year ended 31 March 2021.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2021 and the financial performance, changes in equity and cash flows of the company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the company in office at the date of this statement are:

Anand Sanjay
Janakaraj Jeyakumar
Kukean Deepak Vaman
Nerurkar Hemant Madhusudan

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors who held office at the end of the financial year had no interests in the share capital of the company and its related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act, Chapter 50.

ADANI GLOBAL PTE. LTD.

DIRECTORS' STATEMENT – cont'd

5. SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the company.

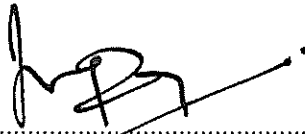
There were no shares issued during the financial year by virtue of the exercise of an option to take up unissued shares of the company.

There were no unissued shares of the company under option at the end of the financial year.

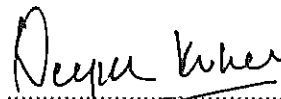
6. INDEPENDENT AUDITOR

The independent auditor, Prudential Public Accounting Corporation, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Board

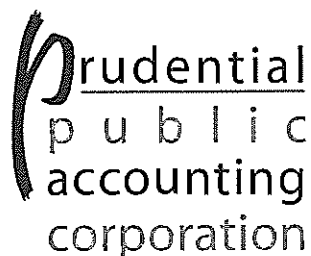


Jeyakumar Janakraj
Director



Kukean Deepak Vaman
Director

Date: 30 April 2021



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF ADANI GLOBAL PTE. LTD.**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **ADANI GLOBAL PTE. LTD.** (the "company"), which comprise the statement of financial position as at 31 March 2021, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). 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 Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 and 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ADANI GLOBAL PTE LTD – cont'd

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF ADANI GLOBAL PTE LTD – cont'd**

Auditor's Responsibilities for the Audit of the Financial Statements – cont'd

- (d) 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.
- (e) 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 the directors 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.

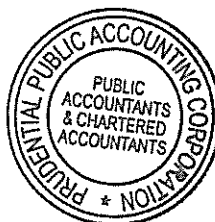
Report on Other Legal and Regulatory Requirement

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

Prudential PAC

**PRUDENTIAL PUBLIC ACCOUNTING CORPORATION
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE**

Date: 30 April 2021



ADANI GLOBAL PTE. LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
ASSETS			
Non-current assets:			
Property, plant and equipment	(8)	5,037,020	5,449,503
Investment property	(9)	1,755,616	1,792,925
Right-of-use assets	(10)	176,403	779,678
Investment in subsidiaries	(11)	39,010,851	40,243,232
Interest in joint venture	(12)	28,804,901	28,804,901
Total non-current assets		<u>74,784,791</u>	<u>77,070,239</u>
Current assets:			
Trade and other receivables	(13)	2,044,442,236	2,164,791,651
Other current assets	(14)	1,958,366	5,158,498
Cash and cash equivalents	(15)	100,847,246	207,900,028
Total current assets		<u>2,147,247,848</u>	<u>2,377,850,177</u>
Total assets		<u>2,222,032,639</u>	<u>2,454,920,416</u>
EQUITY AND LIABILITIES			
Equity:			
Share capital	(16)	27,600,000	27,600,000
Merger reserve	(17)	18,881,167	18,881,167
Retained earnings		1,181,801,546	1,133,835,161
Total equity		<u>1,228,282,713</u>	<u>1,180,316,328</u>
Non-current liabilities:			
Borrowings – non-current	(18)	104,999,616	77,501,152
Lease liabilities – non-current	(19)	-	177,693
Total non-current liabilities		<u>104,999,616</u>	<u>77,678,845</u>
Current liabilities:			
Borrowings – current	(18)	413,132,044	534,570,710
Lease liabilities – current	(19)	188,194	613,297
Trade and other payables	(20)	472,521,375	654,098,167
Derivative financial instruments	(21)	130,800	1,987,520
Income tax payables	(25)	2,777,897	5,655,549
Total current liabilities		<u>888,750,310</u>	<u>1,196,925,243</u>
Total liabilities		<u>993,749,926</u>	<u>1,274,604,088</u>
Total equity and liabilities		<u>2,222,032,639</u>	<u>2,454,920,416</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ADANI GLOBAL PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> US\$	<u>2020</u> US\$
Revenue	(22)	2,176,166,600	3,005,843,003
Cost of goods sold		<u>(2,073,120,050)</u>	<u>(2,851,141,994)</u>
Gross profit		103,046,550	154,701,009
Other income	(23)	3,701,675	14,441,389
Marketing and distribution expenses		(770,557)	(4,505,284)
Administrative expenses		(14,329,563)	(13,228,318)
Finance costs	(24)	(33,587,654)	(61,781,308)
Other expenses		(7,411,096)	(3,242,964)
Impairment of financial assets		<u>(901,954)</u>	<u>(8,764,087)</u>
Profit before income tax		49,747,401	77,620,437
Income tax expense	(25)	<u>(1,781,016)</u>	<u>(4,643,948)</u>
Profit for the year	(26)	47,966,385	72,976,489
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>47,966,385</u>	<u>72,976,489</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ADANI GLOBAL PTE. LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital US\$	Merger Reserve US\$	Retained Earnings US\$	Total US\$
Balance as at 1 April 2019	27,600,000	18,881,167	1,060,858,672	1,107,339,839
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>72,976,489</u>	<u>72,976,489</u>
Balance as at 31 March 2020	27,600,000	18,881,167	1,133,835,161	1,180,316,328
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>47,966,385</u>	<u>47,966,385</u>
Balance as at 31 March 2021	<u>27,600,000</u>	<u>18,881,167</u>	<u>1,181,801,546</u>	<u>1,228,282,713</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ADANI GLOBAL PTE. LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Cash flow from operating activities:			
Profit before income tax		49,747,401	77,620,437
Adjustments for:			
Bad debts written off		5,086,083	491,621
Depreciation of plant and equipment		466,459	634,850
Depreciation of investment properties		37,309	37,308
Depreciation of right-of-use assets		603,275	577,277
Foreign currency exchange difference		36,167	-
Impairment loss on financial assets		901,954	8,764,087
Interest expense		33,568,831	61,749,276
Interest income		(2,580,436)	(14,040,775)
Interest on lease liabilities		18,823	32,032
Loss on disposal of investment		209,519	-
Loss on disposal of plant and equipment		-	1,412,946
Operating profit before working capital changes		88,095,385	137,279,059
Trade and other receivables		188,586,284	478,596,443
Other current assets		3,200,132	4,648,836
Derivative financial instruments		(1,856,720)	3,241,371
Trade and other payables		(177,790,457)	(140,847,399)
Cash generated from operations		100,234,624	482,918,310
Income tax paid		(4,658,668)	(4,517,488)
Net cash generated from operating activities		95,575,956	478,400,822
Investing activities:			
Interest received		3,191,939	2,179,804
Acquisition of joint ventures		-	(25,000,001)
Acquisition of subsidiaries		(20,823)	(342,251)
Acquisition of plant and equipment		(53,976)	(309,508)
Increase in net amount due from related parties		(73,792,724)	(155,361,099)
Fixed deposits		8,849,704	14,141,842
Proceeds from disposal of plant and equipment		-	1,077,201
Net cash used in investing activities		(61,825,880)	(163,614,012)
Financing activities:			
Interest paid		(37,355,166)	(61,084,664)
Proceeds from borrowings	(30)	1,087,909,442	2,175,467,451
Repayment of borrowings	(30)	(1,181,849,644)	(2,317,747,298)
Repayment of lease liabilities	(30)	(657,786)	(597,997)
Net cash used in financing activities		(131,953,154)	(203,962,508)
Net (decrease)/ increase in cash and cash equivalents		(98,203,078)	110,824,302
Cash and cash equivalents at beginning of year		120,347,229	9,522,927
Cash and cash equivalents at end of year	(15)	22,144,151	120,347,229

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Adani Global Pte. Ltd. (the "company") (Registration number: 200003047N) is a private limited company, which is incorporated and domiciled in the Republic of Singapore with its principal place of business and registered office at:

80 Raffles Place #33-20
UOB Plaza
Singapore 048624

The principal activities of the company are to carry on business of wholesale trade of a variety of commodities and ship bunkering & trading and distribution of marine fuel oil.

The financial statements of the company for the year ended 31 March 2021 were authorised for issue by the Board of Directors on 30 April 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS") including related interpretations of FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC").

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in Note 5.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2 Changes in Accounting Policies

(a) Adoption of new and revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and INT FRSs issued by the ASC that are relevant to its operations and effective for annual periods beginning on or after 1 April 2020. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the financial statements.

(b) FRSs and INT FRSs issued not yet effective

At the date of authorisation of these financial statements, the following FRS, INT FRS and amendments that are relevant to the company were issued but not effective:

<u>Reference</u>	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 1	Classification of Liabilities as Current or Non-Current (Amendments)	1 January 2023
FRS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Annual Improvements to FRSs 2018-2020 cycle: - Amendments to FRS 109 Financial Instruments – Fees in the "10 percent" Test for Derecognition of Financial Liabilities		1 January 2022

The company expect that the adoption of the above standards, interpretations and improvements, will have no material impact on the financial statements in the period of initial application.

2.3. Functional and Foreign Currency

(a) Functional and presentation currency

The financial statements of the company are measured and presented in the currency of the primary economic environment in which the entity operates (its "functional currency"). Although the company is domiciled in Singapore, most of the company's transactions are denominated in United States dollar ("US\$") and the selling prices for the company's products are sensitive to movements in the foreign exchange rate with the US\$. The financial statements are presented in United States dollar, which is the functional currency of the company.

(b) Foreign currency transactions

Transactions in foreign currencies have been translated into US\$ at the foreign exchange rates ruling at the date of transactions. Monetary assets and liabilities in foreign currencies at the end of the reporting period have been converted to US\$ at the rates of exchange approximating those ruling at the end of the reporting period. Non-monetary assets and liabilities measured at cost in foreign currencies are translated to US\$ using the foreign exchange rate at the dates of the transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.4. Property, Plant and Equipment

(a) Measurement

Property, plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

(b) Component of costs

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(c) Depreciation

Depreciation is calculated on the straight-line method and to write off the cost of the assets over their estimated useful lives as follows:

Computer & office equipment	3 years
Furniture and fitting	3 years
Barges	21-23 years
Leasehold property	60 years
Motor vehicle	3 years

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. Useful lives, residual values and depreciation methods are reviewed annually. Accelerated depreciation is provided when the useful life of the asset become shorter than that initially expected.

(d) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in profit or loss during the financial period in which it is incurred.

(e) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.5. Investment Property

(a) Measurement

Investment property is a property which is held on long-term basis for its investment potential and rental income. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5. Investment Property

(b) Component of costs

The cost of the investment property includes its purchase price and any cost that is directly attributable to the condition necessary for it to be capable of operating in the manner intended by management.

(c) Depreciation

Depreciation is calculated using straight line method to allocate the depreciable amounts over the estimated useful lives of 60 years. The residual value, useful lives and depreciation method of investment property are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

(d) Subsequent expenditure

Subsequent expenditure relating to investment property that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in profit or loss during the financial period in which it is incurred.

(e) Derecognition

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

(f) Transfers

Transfers to or from investment property are made when and only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for investment property set out in the Note 2.5 to the financial statements, up to the date of change in use.

2.6. Investment in Subsidiaries

Subsidiary is an entity controlled by the company. The company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investment, the difference between the net disposal proceed and their carrying amounts is included in profit or loss.

These financial statements are the separate financial statements of the company.

The company is exempted from the requirement to prepare consolidated financial statements as the company itself is the wholly owned subsidiary of another entity and the ultimate holding company, Adani Enterprises Limited, which produces the consolidated financial statements which are available for public use.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.7. Interest in Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Interest in joint venture is stated at costs less any impairment loss.

The equity method has not been adopted for the interest in joint venture in the company's financial statements as the ultimate holding company, Adani Enterprises Limited produces consolidated financial statements which are available for public use.

2.8. Cash and cash equivalents

Cash and cash equivalents comprise short term bank deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value. These are classified and accounted as measured at amortised cost under FRS 109. The accounting policy for this category of financial assets is stated in Note 3.

2.9. Impairment of Non-Financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10. Revenue Recognition

Revenue from sale of goods and services in the ordinary course of business is recognised when the company satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.10. Revenue Recognition – cont'd

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the completion reflecting the progress towards complete satisfaction of that PO.

Revenue from sales of commodities, capital goods and scrap metal

Revenue from sales of commodities, capital goods and scrap metal are recognised when the company transfers control of the goods, being when the goods have been shipped to the customer's specific location. Control of goods transfers upon shipment to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and the company has not retained any significant risks of ownership or future obligations with respect to the goods shipped. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The amount of revenue recognised is based on the transaction price which comprises the contractual price and rebates and trade discounts.

Charter hire income

Revenue from charter hire is recognised over time as the company satisfies its performance obligation. Charter hire income is recognised on a daily basis in accordance to the terms and conditions of the charter agreement.

2.11. Other Income

(a) Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

(b) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable.

(c) Rental income

Rental income from investment property is recognised on a straight-line basis over the relevant lease term.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.12. Employee Benefits

(a) Defined contribution plan

Payments to defined contribution plan (including state - managed retirement benefit schemes such as Singapore Central Provident Funds) are charged as an expense as they fall due.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unconsumed annual leave as a result of services rendered by the employees up to the end of the reporting period.

2.13. Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, of a qualifying asset. Capitalisation of borrowing cost commences, when the activities to prepare the asset for its intended use and expenditure and borrowing costs are being incurred. Borrowings costs are capitalised until the assets are ready for their intended use.

2.14. Operating Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

For any new contracts entered into on or after 1 April 2019, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At lease commencement date, the company recognises a right-of-use assets and a lease liability on the statement of financial position.

Right-of-Use Assets

The right-of-use assets are measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life (which is determined on the same basis as those of plant and equipment).

The company also assesses the right-of-use assets for impairment when such indicators exist. In addition, the right-of-use assets are periodically adjusted for certain remeasurements of the lease liability.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.14. Operating Leases – cont'd

As lessee – cont'd

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate, being the rate, it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liabilities are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, lease payments arising from extension options reasonably certain to be exercised, exercise price under purchase option reasonably certain to be exercised and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured, the corresponding adjustment is reflected in the right-of-use assets, or profit and loss if the carrying amount of the right-of-use assets has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise items of office equipment with individual values not exceeding US\$5,000.

As lessor

Lease of investment property where the company retains substantially all risks and rewards incidental to ownership is classified as an operating lease. Rental income from operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the company in negotiating and arranging operating leases are recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.15. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates (and tax law) that have been enacted or substantively enacted in country where the company operates at the end of reporting period.

(b) Deferred tax

Deferred tax is provided, using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at that time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit nor taxable profit.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.16. Related Parties

A related party is a person or an entity related to the company and is further defined as follows:

- (a) A person or a close member of that person's family is related to the company if that person:
 - (i) has control or joint control over the company;
 - (ii) has significant influence over the company; or
 - (iii) is a member of the key management personnel of the company or of a parent of the company.
- (b) An entity is related to a company if any of the following applies:
 - (i) the entity and the company are members of the same group i.e. each parent, subsidiary and fellow subsidiary is related to the others;
 - (ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.
 - (viii) the entity, or any member of the company of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS 24 – Related Party Disclosures.

2.17. Provision

Provisions are recognised 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.

The amount recognised 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. Where 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.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.17. Provision – cont'd

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.18. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.19. Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's statement of financial position when and only when the company becomes a party to the contractual provisions of the instrument.

3.1. Financial Assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the assets within the timeframe established by the market concerned.

a) Classification and subsequent measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, as measured at amortised cost or fair value through profit or loss (FVTPL).

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The company initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

a) Classification and subsequent measurement – cont'd

Initial recognition and measurement – cont'd

Trade receivables are measured at the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at a financial instrument level. The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate (EIR) method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the profit or loss statement.

As at the reporting date, the company's debt instruments at amortised cost consist of trade and other receivables and cash and cash equivalents.

b) Impairment of financial assets

The company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

The company recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

b) Impairment of financial assets – cont'd

For all other financial instruments, the company recognises lifetime ECL when there has been significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measured the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit loss is the expected credit loss that result from default events that are possible within 12 months after the reporting date.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets gross carrying amount at the reporting date; or for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at reporting date, together with any additional amounts expected to be draw down in the future by default date determined based on historical trend, the company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows for the company in accordance with the contract and all the cash flows that the company expects to receive, discount at the original effect interest rate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

c) Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or its transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Equity Instrument and Financial Liabilities

Equity instruments issued by the company and financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of an equity instrument and a financial liability.

(a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue cost.

(b) Financial liabilities

Financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provision for the financial instrument. The measurement of financial liabilities depends on their classification as either "financial liabilities at amortised costs" or financial liabilities "at fair value through profit or loss" (FVTPL).

(i) Financial liabilities at amortised cost

The company determines the classification of its financial liabilities at initial recognition. Financial liabilities are initially recognised at fair value of consideration received net of transaction costs.

After initial recognition, they are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Financial liabilities at amortised cost consist of trade and other payables, borrowings and lease liabilities.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the profit and loss account.

(c) Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payables, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.3. Derivative Financial Instruments

Derivative financial instruments including commodity swap contracts, foreign exchange forward contracts and resetable prepaid commodity price swap are used to manage exposure to commodity price, foreign exchange and interest rate risks arising from operating and financing activities.

Derivative financial instruments are recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

The fair value of commodity swap contracts and foreign exchange forward contracts are based on quoted market price at the commodity exchanges at the end of the reporting period.

The fair value of the derivative held for trading is presented as a current asset or liability in the statement of financial position.

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical Judgments in Applying the Company's Accounting Policies

(a) Income taxes

Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations including capital allowances and deductibility of certain expenses for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the company's income tax payables are disclosed in Note 25 to the financial statements.

(b) Determination of functional currency

The company measures foreign currency transactions in the functional currency of the company. In determining the functional currency of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales price of its goods and services. The functional currency of the company is determined based on management's assessment of the economic environment in which the company operates and the company's process of determining sales prices.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES – cont'd

4.1 Critical Judgments in Applying the Company's Accounting Policies – cont'd

(c) Revenue – gross presentation

For sale of goods, the company assesses its sales arrangements to determine if it acts as a principal or an agent. In determining whether the company acts as a principal, the company considers factors such as if the company has primary responsibility for providing the goods or services to the customer, bears inventory risks before or after the customer order during shipping or on return, has latitude in establishing prices either directly or indirectly, and bears the customer's credit risks for the amount receivable from the customers.

The company has determined, based on an evaluation of the terms and conditions of the sales arrangements, that the company acts as a principal and so accounts the revenue as gross presentation in the statement of comprehensive income. The company's revenue from sale of goods is disclosed in Note 22 to the financial statements.

4.2 Key Sources of Estimation Uncertainties

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Impairment of property, plant and equipment and investment property

The company reviews the carrying amounts of the property, plant and equipment and investment properties at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of property, plant and equipment and investment properties, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, require the company to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the company's financial condition and results of operations.

The carrying amount of the company's property, plant and equipment and investment property are disclosed in Note 8 and Note 9 to the financial statements.

(b) Depreciation of property, plant and equipment and investment property

Property, plant and equipment and investment properties are depreciated on a straight-line basis over the estimated useful lives after taking into account the estimated residual value. The company reviews the estimated useful lives of the assets regularly based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of the assets and the company's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the company's result.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES – cont'd

4.2 Key Sources of Estimation Uncertainties– cont'd

(c) Impairment of investment in subsidiaries

The company follows the guidance of FRS 36 in determining the recoverability of its investments in subsidiaries. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information.

The carrying amounts of investment in subsidiaries are disclosed in Note 11 to the financial statements.

(d) Calculation of loss allowance

(i) Trade receivables

The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the company's historical observed default rates. The company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The information about the ECLs on the company's trade receivables is disclosed in Note 13.

(ii) Receivables from subsidiaries and related companies and loan to third parties

The impairment provisions for these 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 reporting period. The information about the ECLs on the company's other receivables is disclosed in Note 5.2 (a).

The carrying amount of the company's trade and other receivables as at the reporting date is disclosed in Note 13 to the financial statements.

(e) Determining the lease term

As explained in Note 2.14, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the company, the company evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the company to exercise the option, including favourable terms leasehold improvements undertaken and the importance of that underlying asset to the company's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the company's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES – cont'd

4.2 Key Sources of Estimation Uncertainties– cont'd

(f) Estimation of incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the company "would have paid", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain lease period specific estimates.

(g) Provisions

Provisions are recognised in accordance with the accounting policy in Note 2.17. To determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made, the company takes into consideration factors such as the existence of legal/contractual agreements, past historical experience, external advisors' assessments and other available information.

(h) Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. To determine whether there is objective evidence of contingent liability, the management considers factors such as probability of occurrence or non-occurrence of uncertain future events and also consults a legal counsel of matters related to litigations.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

5.1. Categories of Financial Assets and Liabilities

The carrying amount of financial assets and financial liabilities included in the statement of financial position, the categories and the headings in which they are included are as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
Financial assets:		
<u>At amortised costs:</u>		
- Trade and other receivables	2,044,330,604	2,164,340,839
- Cash and cash equivalents	100,847,246	207,900,028
	<u>2,145,177,850</u>	<u>2,372,240,867</u>
Financial liabilities:		
<u>At amortised costs:</u>		
- Trade and other payables	472,521,375	654,098,167
- Borrowings	518,131,660	612,071,862
- Lease liabilities	188,194	790,990
<u>Fair value through profit or loss:</u>		
- Derivative financial instruments	130,800	1,987,520
	<u>990,972,029</u>	<u>1,268,948,539</u>

Further quantitative disclosures are included throughout these financial statements.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives

The company is exposed to financial risks arising from its operations and the use of financial instruments. The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The management meet periodically to analyse, formulate and monitor the specific risks such as credit risk, liquidity risk, market risk (including foreign currency risk, interest rate risk, and commodity price risk), and cash flow interest rate risk, and believe that the financial risks associated with these financial instruments are manageable.

The following sections provide the company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the company's exposure to these financial risks or the manner in which it manages measures the risk.

(a) Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations to repay amounts owing to company resulting in a loss to the company. The company's primary exposure to credit risk arises through its trade and other receivables and bank balances.

It is the company's policy to enter into transactions with creditworthy customers to mitigate any significant credit risk. The company has procedures in place to control credit risk and to ensure that such risk is monitored on an ongoing basis.

Risk management practices

The company considers the probability of default upon initial recognition of asset and at each reporting date, assesses whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and includes forward-looking information such as the following:

- Internal credit rating
- External credit rating
- Actual and expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operation results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the payment status of debtors in the company and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase on credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Risk management practices – cont'd

Significant increase in credit risk – cont'd

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Low credit risk

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

A financial asset is considered to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Credit-impaired

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty or the borrower;
- A breach of contract, such as default or past due event and
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Default event

The company considers the following as constituting an event of default when:

- The borrower fails to make contractual payments, within 90 days when they fall due, unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate; or
- Internal or external information indicates that the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Risk management practices – cont'd

Write-off policy

The company categorises a receivable for potential write-off when:

- There is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery or
- When a debtor fails to make contractual payments more than 365 days past due.

Where receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I - Performing	Counterparty has a low risk of default and does not have any past due amounts and a strong capacity to meet contractual cash flows	12-month ECL
II – Under performing	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
III – Default	Amount is > 90 days past due to or there is evidence indicating the asset is credit-impaired (in default)	Lifetime ECL – credit impaired
IV – Write off	Amount is > 365 days past due or there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery	Amount is written off

There are no significant changes to estimation techniques or assumptions made during the reporting period.

Trade receivables

The company applies the simplified approach using the provision matrix to provide for ECLs for trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The provision matrix is based on historical credit loss experience over the past three years and adjusted for forward-looking estimates. Trade receivables are grouped based on similar credit risk characteristics and days past due.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Risk management practices – cont'd

Expected credit loss assessment

The following are qualitative information on expected credit loss for financial assets under amortised cost:

- *Trade receivables*

These are due from customers that have a good credit record with the company. The loss allowance is measured based on lifetime ECL using the provision matrix. Details of ECL are disclosed in Note 13.

- *Other receivables*

Other receivables mainly consist of loan to subsidiaries, related parties and third parties, and interest receivables. Management considers subsidiaries, related parties and third parties receivables to be generally of low credit risk. Credit risk for these receivables has not increased significantly since their initial recognition except for the loan to one of the subsidiaries. These receivables have been measured based on 12-month expected credit loss model. Details of ECL are disclosed in Note 13.

- *Cash and cash equivalents*

The company places its bank deposits with banks with high credit ratings assigned by international credit-rating agencies. Impairment on cash and cash equivalents are measured on the 12-month expected loss basis. Management considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Therefore, management considers the amount of ECL is insignificant.

(b) Market risk

Market risk exposures are measured using sensitivity analysis indicated below:

Interest rate risk

Interest rate risk arises from the potential change in interest rate that may have an adverse effect on the company's results in the current reporting period and in future years.

The company is also exposed to interest rate risk associated with cash management activities whereby excess fund are placed with financial institutions and are subjected to changes in basis of prime interest rate as disclosed in Note 15 to the financial statements. The objective of interest rate risk management is to manage and control interest rate risk exposure within acceptable parameters while optimising the return on risk. With the current interest rate level, the directors of the company do not expect any future variations in the interest rates to have a significant impact on the net profit.

The company's exposure to interest rate on financial assets and liabilities are detailed in the liquidity risk section of this note.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(b) Market risk – cont'd

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting year. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

Assuming that the amount of borrowings outstanding at the end of the financial year was outstanding for the whole year and interest rates increase/ decrease instantaneously by 50 basis points from the end of the financial year, with all other variables held constant, the interest expense of the company, which would impact profit before tax and equity would increase/ decrease by approximately **US\$4,214,086** (2020: US\$4,915,769).

Foreign currency risk

Foreign currency risk arises from the change in foreign currency exchange rates that may have an adverse effect on the company in the current reporting period and in the future years.

The company transacts mainly in United States dollar and Singapore dollar. The company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. Significant portion of the foreign exchange exposures are naturally hedged as both trade purchases and sales are denominated in the above currencies. This natural hedge reduces the financial impact of movements in the foreign exchange rates. Management believes that the foreign currency risk is manageable. The company uses derivative financial instruments to protect against the volatility associated with currency transactions in the ordinary course of business.

The company's exposures to foreign currency risk in equivalent US\$ based on the information provided by management are as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
Singapore dollar exposure:		
<u>Financial assets and liabilities:</u>		
Trade and other receivables	3,551,873	2,867,941
Cash and cash equivalents	856,591	45,906
Trade and other payables	(108,658)	(105,756)
Lease liabilities	(188,194)	(790,990)
	<hr/>	<hr/>
Net foreign currency exposure	<u>4,111,612</u>	<u>2,017,101</u>

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(b) Market risk – cont'd

Foreign currency risk – cont'd

Sensitivity analysis for foreign currency risk

The analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. A 10% increase or decrease is used when reporting foreign exchange rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

A 10% strengthening of United States dollar against the following currencies would increase/ (decrease) profit or loss and equity by the amount shown below:

	<u>2021</u> US\$	<u>2020</u> US\$
Strengthen 10% (2020: 10%) - S\$/US\$	<u>(411,161)</u>	<u>(201,710)</u>

A 10% weakening of United States dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Commodity price risk

Commodity price risk arises from the change in the commodity prices that may have an adverse effect on the company's result in the current reporting period and in future periods.

The company's main transacting commodity is coal. Coal prices are subject to fluctuations attributable to market supply and demand conditions. The company manages such risk by monitoring the coal prices and through stringent purchase process of not acquiring commodity at price above the normal range based on historical information available and by not overstocking on any particular type of coal. The company use derivative financial instruments to mitigate this risk. The management believes that the coal price risk is manageable. No commodity price sensitivity analysis has been prepared as the impact would be immaterial to the company.

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting financial obligations due to shortage of funds. The company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(c) Liquidity risk – cont'd

In the management of the liquidity risk, the company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows. At the end of the reporting period, approximately 80% (2020: 87%) of the company's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements. The management has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and other facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table summarises the company's remaining contractual maturity for its financial liabilities at the end of the reporting period based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the company is expected to pay. The table includes both interest and principal cash flows.

		<u>Contractual undiscounted cash flows</u>			
<u>2021</u>	<u>Effective interest rate p.a.</u> %	<u>Carrying amount</u> US\$	<u>One year or less</u> US\$	<u>Two to five years</u> US\$	<u>Total</u> US\$
<u>Non-derivative</u>					
<u>Financial liabilities:</u>					
Trade and other payables	-	472,521,375	472,521,375	-	472,521,375
Borrowings	Note 18	518,131,660	418,061,521	117,810,736	535,872,257
Lease liabilities	3.05	188,194	189,307	-	189,307
Total undiscounted financial liabilities		990,841,229	890,772,203	117,810,736	1,008,582,939

<u>2020</u>	Effective interest rate p.a. %	Carrying amount US\$	<u>Contractual undiscounted cash flows</u>		
			One year or less US\$	Two to five years US\$	Total US\$
<u>Non-derivative</u>					
<u>Financial liabilities:</u>					
Trade and other payables	-	654,098,167	654,098,167	-	654,098,167
Borrowings	Note 18	612,071,862	550,384,139	85,327,234	635,711,373
Lease liabilities	3.05	790,990	628,881	178,743	807,624
Total undiscounted financial liabilities		1,266,961,019	1,205,111,187	85,505,977	1,290,617,164

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(c) Liquidity risk – cont'd

<u>2021</u>	Effective interest rate p.a. %	Carrying amount US\$	<u>Contractual undiscounted cash flows</u>		
			One year or less US\$	Two to five years US\$	Total US\$
Derivatives financial liabilities:					
- Net settled commodity swap	-	<u>130,800</u>	<u>130,800</u>	<u>-</u>	<u>130,800</u>

<u>2020</u>	Effective interest rate p.a. %	Carrying amount US\$	<u>Contractual undiscounted cash flows</u>		
			One year or less US\$	Two to five years US\$	Total US\$
Derivatives financial liabilities:					
- Net settled commodity swap	-	<u>1,987,520</u>	<u>1,987,520</u>	<u>-</u>	<u>1,987,520</u>

It is not expected that the cash flows included in the maturity analysis of the company could occur significantly earlier, or at significant different amount.

(d) Fair value of financial instruments that are carried at fair value

(i) Financial assets and liabilities

Management has determined that the carrying amounts of cash margin with brokers, trade and other receivables, cash and cash equivalents, trade and other payables, borrowings and lease liabilities based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(d) Fair value of financial instruments that are carried at fair value – cont'd

(ii) Fair value of the company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial Assets / Financial (Liabilities)	Fair Value Assets/ (Liabilities)		Fair Value Hierarchy	Valuation Technique and Key Impact	Significant unobservable input	Relationship of unobservable inputs to fair value
	2021 US\$	2020 US\$				
- Derivative financial instruments (Note 21)	(130,800)	(1,987,520)	Level 2	Inputs other than quoted prices included within Level 1	N.A.	N.A.

The company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follow:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT – cont'd

5.2. Financial Risk Management Policies and Objectives – cont'd

(d) Fair value of financial instruments that are carried at fair value – cont'd

(ii) Fair value of the company's financial assets and financial liabilities that are measured at fair value on a recurring basis – cont'd

During the financial year ended 31 March 2021, there was no transfer between instruments in Level 1, Level 2 and Level 3, or vice versa.

The company does not anticipate that the carrying amounts recorded at end of the reporting period would significantly be different from the values that would eventually be received or settled

5.3. Capital Management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

In order to maintain or adjust the capital structure, the company may adjust the dividend payment to equity holders, issue new shares, return capital to the equity holders, and obtain new borrowings or redeem existing borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as borrowings, lease liabilities, derivative financial instruments plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity and net debt. The company's overall strategy remains unchanged during the year.

	<u>2021</u> US\$	<u>2020</u> US\$
Trade and other payables	472,521,375	654,098,167
Borrowings	518,131,660	612,071,862
Lease liabilities	188,194	790,990
Derivative financial instruments	130,800	1,987,520
Less: Cash and cash equivalents	<u>(100,847,246)</u>	<u>(207,900,028)</u>
Net debt	890,124,783	1,061,048,511
Total equity	<u>1,228,282,713</u>	<u>1,180,316,328</u>
Total capital	<u>2,118,407,496</u>	<u>2,241,364,839</u>
Gearing ratio	<u>42%</u>	<u>47%</u>

The capital structure of the company's mainly consists of equity and debt and the company's overall strategy remains unchanged from 31 March 2020.

The company will continue to monitor economic conditions related to its operations and will make adjustments to its capital structure where necessary.

The company was in compliance with all externally imposed capital requirements (Note 18).

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

6. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Adani Global Ltd, incorporated in Mauritius. The ultimate holding company is Adani Enterprises Ltd, a company incorporated in India.

7. RELATED PARTY TRANSACTIONS

Many of the company's transactions and arrangements are between members of the ultimate holding company and the effects of these on the basis determined between the parties are reflected in these financial statements.

In addition to the information disclosed elsewhere in the financial statements, the following transactions and arrangements took place between the company and related parties at terms agreed between the parties during the financial year.

The related party balances are unsecured, repayable on demand and interest free unless otherwise stated. Certain liabilities are supported by documents from a related party.

Significant related party transactions:

	<u>2021</u> US\$	<u>2020</u> US\$
Sales to:		
- ultimate holding company	315,107,510	670,410,477
- subsidiary	27,148,880	75,752,406
- related companies	<u>454,715,998</u>	<u>425,470,261</u>
Purchases from related companies	<u>205,777,269</u>	<u>285,664,407</u>
Freight and other charges from/ (to):		
- subsidiary	226,804,636	171,089,491
- related companies	<u>88,426</u>	<u>(59,266)</u>
Interest income from a joint venture	<u>10,852</u>	<u>-</u>
Other expenses to related companies:		
- Professional fees	623,858	572,142
- Service fees	<u>84,000</u>	<u>84,000</u>
Recovery of expenses from		
- subsidiaries	63,326	-
- joint venture	75,517	-
- related companies	<u>3,836,606</u>	<u>5,986,700</u>
Damages on contract settlement from ultimate holding company	<u>-</u>	<u>828,032</u>
Sale of investment to a subsidiary	<u>1,043,685</u>	<u>-</u>
Key management personnel compensation:		
- Short-term employee benefits paid to directors	<u>2,849,091</u>	<u>2,980,926</u>

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. PROPERTY, PLANT AND EQUIPMENT

	<u>Computer & Office Equipment</u> US\$	<u>Furniture & Fittings</u> US\$	<u>Motor Vehicle</u>	<u>Barges</u> US\$	<u>Leasehold Property</u> US\$	<u>Total</u> US\$
<u>Cost</u>						
At 1.4.2019	599,576	703,489	-	8,500,000	2,592,802	12,395,867
Additions	19,770	1,793	287,945	-	-	309,508
Disposal	-	-	-	(3,900,000)	-	(3,900,000)
At 31.3.2020	619,346	705,282	287,945	4,600,000	2,592,802	8,805,375
Additions	28,757	25,219	-	-	-	53,976
At 31.3.2021	648,103	730,501	287,945	4,600,000	2,592,802	8,859,351
<u>Accumulated depreciation</u>						
At 1.4.2019	417,357	556,405	-	2,693,478	463,635	4,130,875
Charge for the year	87,955	78,460	75,542	349,592	43,300	634,849
Disposal	-	-	-	(1,409,852)	-	(1,409,852)
At 31.3.2020	505,312	634,865	75,542	1,633,218	506,935	3,355,872
Charge for the year	69,472	39,187	96,000	218,500	43,300	466,459
At 31.3.2021	574,784	674,052	171,542	1,851,718	550,235	3,822,331
<u>Net carrying amount</u>						
At 31.3.2020	114,034	70,417	212,403	2,966,782	2,085,867	5,449,503
At 31.3.2021	73,319	56,449	116,403	2,748,282	2,042,567	5,037,020

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. PROPERTY, PLANT AND EQUIPMENT – cont'd

As at 31 March 2021, the residual values (estimated scrap value at the end of the barges' useful lives) of the barges were estimated at US\$212,500 (2020: US\$212,500).

The company has calculated the residual value of the barges taking into consideration the scrap value. The company has applied uniformly the scrap value of US\$217 (2020: US\$217) per ton for its barges. The company believes that the assumptions used to determine the scrap rate are reasonable and appropriate; as such assumptions are highly subjective, in part, because of the cyclical nature of future demand for scrap steel.

The fair value of the company's leasehold property at the end of the reporting period has been determined based on valuation carried out by the management based on the transacted prices near the end of the reporting period in the location and category of the property being valued.

During the year, the company carried out a review of the recoverable amount of all property, plant and equipment. As a result, there were no allowances for impairment or revisions to the useful lives required for property, plant and equipment.

9. INVESTMENT PROPERTY

	<u>Leasehold Property</u> US\$
<u>Cost</u>	
At 31.3.2020 and 31.3.2021	<u>2,234,050</u>
<u>Accumulated depreciation</u>	
At 31.3.2019	403,817
Charged for the year	<u>37,308</u>
At 31.3.2020	441,125
Charge for the year	<u>37,309</u>
At 31.3.2021	<u>478,434</u>
<u>Net carrying amount</u>	
At 31.3.2020	<u>1,792,925</u>
At 31.3.2021	<u>1,755,616</u>

Details of investment property are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Carrying Amount</u> US\$	<u>Fair Value</u> US\$	<u>Carrying Amount</u> US\$	<u>Fair Value</u> US\$
Leasehold property	<u>1,755,616</u>	<u>1,593,123</u>	<u>1,792,925</u>	<u>1,611,716</u>

Leasehold property was leased to third parties under operating lease during the financial year (Note 29).

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

9. INVESTMENT PROPERTIES – cont'd

The following amounts are recognised in the statement of comprehensive income:

	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Rental income	<u>21,753</u>	<u>107,886</u>
Direct operating expenses arising from investing property:		
Property tax	(9,188)	(8,957)
Depreciation	<u>(37,309)</u>	<u>(37,308)</u>

The fair value of the company's investment properties at the end of the reporting period have been determined on the basis of valuation carried out by the management based on the transacted prices near the end of the reporting period in the location and category of the properties being valued.

During the year, the company carried out a review of the recoverable amount of investment properties. As a result, there were no allowances for impairment required for the investment properties.

10. RIGHT-OF-USE ASSETS

	<u>Buildings</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<u>Cost</u>		
At 1.4.2019	-	-
Adoption of FRS 116	997,859	997,859
Additions	<u>359,096</u>	<u>359,096</u>
At 31.3.2020 and 31.3.2021	<u>1,356,955</u>	<u>1,356,955</u>
<u>Accumulated depreciation</u>		
At 1.4.2019	-	-
Charge for the year	<u>577,277</u>	<u>577,277</u>
At 31.3.2020	577,277	577,277
Charge for the year	<u>603,275</u>	<u>603,275</u>
At 31.3.2021	<u>1,180,552</u>	<u>1,180,552</u>
<u>Carrying amount</u>		
At 31.3.2020	<u>779,678</u>	<u>779,678</u>
At 31.3.2021	<u>176,403</u>	<u>176,403</u>

The company leases building for its office and residential apartment for a director with an average lease term ranging from 2 to 3 years.

During the year, the company carried out a review of the recoverable amount of all right-of-use assets and concluded no allowance for impairment is required.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

11. INVESTMENT IN SUBSIDIARIES

	<u>2021</u> US\$	<u>2020</u> US\$
<u>Unquoted equity investments at cost</u>		
At beginning of financial year	49,243,232	48,900,981
Additions	20,823	342,251
Disposal	(1,253,204)	-
	<hr/>	<hr/>
At end of financial year	48,010,851	49,243,232
Less: Impairment	(9,000,000)	(9,000,000)
	<hr/>	<hr/>
	39,010,851	40,243,232

Details of the subsidiaries are as follows:

<u>Name of the subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>Equity holding</u>	
			<u>2021</u> %	<u>2020</u> %
PT Adani Global	Export & import and mine supporting activity	Indonesia	95	95
PT Adani Global Coal Trading	Export & import and mine supporting activity	Indonesia	95	95
Adani Mining Pty Ltd	Export & import and mine supporting activity	Australia	100	100
Adani Minerals Pty Ltd	Export & import and mine supporting activity	Australia	-	90
Adani Shipping Pte Ltd	Chartering and owning of ships, barges and boats	Singapore	100	100
Adani North America Inc.	Business development and mine supporting activity	United States	100	100
Adani Infrastructure Pty Ltd	Export & import and mine supporting activity	Australia	100	100
Adani Bunkering Pvt Ltd	Supply of petroleum products and rental of storage terminal facilities	India	99	99
Adani Global Resources Pte Ltd	General wholesale trade including general importers and exporters and purchase of royalty rights	Singapore	100	100

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

11. INVESTMENT IN SUBSIDIARIES – cont'd

Details of the subsidiaries are as follows:

<u>Name of the subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>Equity holding</u>	
			<u>2020</u> %	<u>2019</u> %
Adani Global Royal Holding Pte Ltd	General wholesale trade including general importers and exporters and purchase of royalty rights	Singapore	100	100
Adani Renewable Asset Holdings Pty Ltd	Development of solar projects	Australia	100	100
Adani Renewable Asset Holdings Trust	Development of solar projects	Australia	100	100
Adani Australia Pty Ltd	Management service provider for projects	Australia	100	100
NW Rail Operation Pte Ltd	Rail operation	Singapore	100	100
Adani Global (Switzerland) LLC	Wholesale trade of coal, bunker fuel, metals and renewable power generating equipment	Switzerland	100	-

Adani Global (Switzerland) LLC was incorporated on 24 April 2020 in Switzerland.

One set consolidated financial statements of the company and its subsidiaries are not prepared as the company itself is a wholly owned subsidiary of another corporation. The ultimate holding company, Adani Enterprises Ltd prepares consolidated financial statements which are available for public use. The registered office of Adani Enterprises Ltd is Adani Corporate House, Shantigram, Near Vaishno Devi Circle, S. G. Highway, Khodiyar, Ahmedabad 382421, India.

At the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiaries. The recoverable amount of the relevant investment in each subsidiary has been determined on the basis of its net assets value at the end of the reporting period as in the opinion of the management of the company, the net assets values of these subsidiaries reasonably approximate the fair values less costs to sell.

Management has impaired in full the cost of investment in Adani Mining Pty Ltd as the net assets value of the subsidiary were lower than fair value less costs to sell, as at the reporting date,

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. INTEREST IN JOINT VENTURES

	<u>2021</u> US\$	<u>2020</u> US\$
<u>Unquoted equity investments at cost</u>		
At beginning of financial year	28,804,901	3,804,900
Addition	-	25,000,001
At end of financial year	<u>28,804,901</u>	<u>28,804,901</u>

Details of the joint ventures are as follows:

<u>Name of the joint venture</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>Equity holding</u>	
			<u>2021</u> %	<u>2020</u> %
Adani Wilmar Pte Ltd	Business of trading in various types of pulses, grains and other agricultural commodities	Singapore	50	50
Adani Solar USA Inc.	Development of renewable energy projects	United States	49	49
Adani Total LNG Singapore Pte Ltd	Wholesale of solid, liquid and gaseous fuels and related products	Singapore	50	50

As stated in Note 11 to the financial statements the ultimate holding company prepares the consolidated financial statements. Such financial statements are available for public use. Accordingly, the proportionate consolidation or the equity accounting has not been adopted for the interest in joint venture in the company's financial statements.

At the end of the reporting period, the company carried out a review on the recoverable amount of its interest in joint ventures. The review revealed no impairment in value required.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

13. TRADE AND OTHER RECEIVABLES

	<u>2021</u> US\$	<u>2020</u> US\$
Trade receivables:		
- ultimate holding company (Note 6)	163,789,983	470,957,460
- related companies (Note 7)	87,731,878	136,258,355
- subsidiary (Note 11)	-	7,193,634
- third parties	444,387,282	428,707,592
	<u>695,909,143</u>	<u>1,043,117,041</u>
Less: allowance for impairment	<u>(2,588,836)</u>	<u>(10,758,417)</u>
	693,320,307	1,032,358,624
Other receivables:		
Trade advances to:		
- related companies (Note 7)	37,105,283	30,154,065
- subsidiaries (Note 11)	301,105,285	23,162,348
- joint venture (Note 12)	11,371	-
- third parties	19,603,849	20,621,136
GST receivables	111,632	450,812
Loan to employees	75,346	90,126
Interest receivables	12,596,799	13,208,302
Commodity margin money	-	642,300
Advances to a director	-	51,583
Loan to directors	1,929,957	2,452,735
Other receivables – third parties	75,146	75,840
Loan to:		
- related companies (Note 7)	100,496,951	100,826,345
- subsidiaries (Note 11)	863,029,422	777,854,745
- joint ventures (Note 12)	21,354,500	32,407,059
Less: allowance for impairment	(50,832,730)	(50,832,730)
- third parties	44,459,118	181,268,361
	<u>2,044,442,236</u>	<u>2,164,791,651</u>

(a) Trade receivables

Trade receivables are non-interest bearing and the credit periods are within 30 to 360 days' (2020: 30 to 360 days') terms except for supply of capital equipment which carries a credit period of more than 360 days. They are recognised at their original invoice amounts, which represent their fair values on initial recognition. The company does not hold any collateral over these balances as these receivables are mainly arising by customers that have a good record with the company. Based on the historical default rates the company believes that no further provision is required in excess of the expected credit losses.

The company has concentration of trade receivables (credit risk) with two counter parties (2020: one counter party) contributing approximately 61% (2020: 45%) of trade receivables.

(b) Trade receivables that are discounted

Included in trade receivables, a sum of US\$214,525,098 (2020: US\$211,234,580), which were discounted to banks which had not matured and bears interest rate ranging from 1.30% to 3.37% above the prime plus rate of bank's cost of funds. Interest for the period between the date of bills discounting of the receivables on full recourse basis with company and the agreed date of payment is recorded on an accrual basis.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

13. TRADE AND OTHER RECEIVABLES – cont'd

(c) Other receivables

Advances to suppliers represent the amount of money advanced by the company to the suppliers as advance payment for future purchases from the suppliers to re-sell such products to customers.

Loan to subsidiaries, related parties and joint ventures are unsecured, interest-free and are repayable on demand, except for the following: Loan to a joint venture is interest bearing at 2% per annum above LIBOR and a loan to a material subsidiary is not expected to be repaid in the next 12 months. The ultimate holding company, Adani Enterprises Limited (AEL) has agreed that if the loan to subsidiary is called back and the subsidiary does not have financial ability to repay the loan, AEL will provide financial support to the subsidiary for meeting its financial obligations.

In prior years, the company recognised impairment loss of US\$50,832,730 representing the write-down of loan to subsidiaries to their recoverable amount. This write-down was on account of review of fair value less cost to disposal (FVLCD) of a subsidiary's assets. The determination of this FVLCD is most sensitive to the following key assumptions:

- Long term commodity price
- Discount Rates
- Exchange Rates
- Project Status

Loan to third parties are secured, interest bearing at 6% (2020: 6%) per annum and repayable over the duration of the loan.

Amount due from directors is interest free, unsecured and is repayable within 48 months from the date of agreement.

The credit risk profile of trade receivables is presented based on their past due status as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
<u>Trade receivables – gross amounts</u>		
Not past due	669,320,895	979,200,710
< 30 days	19,353	16,775,718
31 to 60 days	4,402,587	10,327,048
61 to 90 days	4,371,687	1,182,563
> 90 days	17,794,621	35,631,002
	<u>695,909,143</u>	<u>1,043,117,041</u>

For the above balances, an expected credit loss of US\$901,954 (2020: US\$8,764,087) was recognised during the financial year.

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
At beginning of the year	10,758,417	1,994,330
Amounts written off	(9,071,535)	-
Allowance made during the year	901,954	8,764,087
At end of the year	<u>2,588,836</u>	<u>10,758,417</u>

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

13. TRADE AND OTHER RECEIVABLES – cont'd

In determining the recoverability of other receivables, the company considers any change in the credit quality of the other receivable from the date credit was initially granted up to the reporting date. The other receivables are unsecured, interest-free and repayable on demand.

For purpose of impairment assessment, amounts due from the subsidiaries of ultimate holding company are considered to have low credit risk as the timing for payment is controlled by the ultimate holding company taking into account cash flow management within the group of companies. Hence no allowance for impairment of other receivables is necessary as there were no recent history of default in respect of these debtors.

Trade and other receivables are denominated in following currencies:

	<u>2021</u> US\$	<u>2020</u> US\$
Australian dollar	-	45,667
British pound	7,916	61,785
Indian rupee	1,368	1,359
Singapore dollar	3,551,873	3,318,753
Swiss franc	33,382	-
United States dollar	2,040,847,697	2,161,364,087
	<u>2,044,442,236</u>	<u>2,164,791,651</u>

14. OTHER CURRENT ASSETS

	<u>2021</u> US\$	<u>2020</u> US\$
Deposits	266,871	501,316
Prepayments	1,691,495	4,657,182
	<u>1,958,366</u>	<u>5,158,498</u>

The company's management considers that no allowances for impairment of other current assets are necessary as there was no recent history of default in respect of these assets.

15. CASH AND CASH EQUIVALENTS

	<u>2021</u> US\$	<u>2020</u> US\$
Bank balances	10,094,151	92,375,509
Fixed deposits	90,753,095	115,524,519
	<u>100,847,246</u>	<u>207,900,028</u>
Less:		
Restricted deposits	<u>(78,703,095)</u>	<u>(87,552,799)</u>
Cash and cash equivalents as per the statement of cash flows	<u>22,144,151</u>	<u>120,347,229</u>

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

15. CASH AND CASH EQUIVALENTS – cont'd

Cash and cash equivalents comprise cash at banks held by the company and short-term bank deposits. Cash and cash equivalents are classified and accounted as measured at amortised cost under FRS 109.

Fixed deposits of the company bear interest ranging from 0.2% to 1.85% (2020: 0.25% to 3%) with a tenure of 12 days to 369 days (2020: 1 day to 765 days).

Restricted deposits include margin money deposits held with the banks to operate letters of credit with the banks and those of fixed deposit balances with the maturity period of 90 days and above. As this amount is not available for use by the company other than its intended purposes, it has been excluded from the cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents are denominated in the following currencies:

	<u>2021</u> US\$	<u>2020</u> US\$
Singapore dollar	856,591	45,906
United States dollar	<u>99,990,655</u>	<u>207,854,122</u>
	<u>100,847,246</u>	<u>207,900,028</u>

16. SHARE CAPITAL

	<u>2021</u> <u>Number of ordinary shares</u>	<u>2020</u> <u>Number of ordinary shares</u>	<u>2021</u> US\$	<u>2020</u> US\$
<u>Issued and paid up</u>				
Ordinary shares	<u>43,117,530</u>	<u>43,117,530</u>	<u>27,600,000</u>	<u>27,600,000</u>

The ordinary shares which have no par value carry a right to dividend as and when declared by the company.

17. RESERVE

	<u>2021</u> US\$	<u>2020</u> US\$
Merger reserve	<u>18,881,167</u>	<u>18,881,167</u>

Merger Reserve

Merger reserve pertains to the value of residual assets that were taken over by the Adani Global Pte.Ltd as part of corporate restructuring of Adani Bunkering Pte. Ltd. These reserves are non-distributable.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

18. BORROWINGS

	<u>2021</u> US\$	<u>2020</u> US\$
Term loans	75,000,000	75,000,000
Working capital loans	443,131,660	537,071,862
	<u>518,131,660</u>	<u>612,071,862</u>
Term loans		
Term loan i – non-financial institution	25,000,000	25,000,000
Term loan ii – non-financial institution	50,000,000	50,000,000
Total term loans	<u>75,000,000</u>	<u>75,000,000</u>
Less: Current portion		
Term loan i – non-financial institution	-	(25,000,000)
Total current portion	-	(25,000,000)
Total non-current portion	<u>75,000,000</u>	<u>50,000,000</u>
Working capital loans		
Trust receipts	155,272,076	227,736,286
Trade bills discounting	214,525,098	263,500,322
Coal swap loan/ Coal advance sales and purchase transaction	73,334,486	45,835,254
Total working capital loans	<u>443,131,660</u>	<u>537,071,862</u>
Less: Current portion		
Working capital loans	<u>(413,132,044)</u>	<u>(509,570,710)</u>
Total non-current portion	<u>29,999,616</u>	<u>27,501,152</u>
	<u>2021</u> US\$	<u>2020</u> US\$
Represented as:		
Current portion:		
Term loans	-	25,000,000
Working capital loans	413,132,044	509,570,710
	<u>413,132,044</u>	<u>534,570,710</u>
Non-current portion:		
Term loans	75,000,000	50,000,000
Working capital loans	29,999,616	27,501,152
	<u>104,999,616</u>	<u>77,501,152</u>
Total borrowings	<u>518,131,660</u>	<u>612,071,862</u>

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

18. BORROWINGS – cont'd

Term loans

a) Term loan i

The company obtained a long-term (2020: short term) unsecured loan availed from a non-financial institution, which bore interest rate at 6% per annum and repayable on 12 October 2020. However, on 6 April 2020 the company entered into a loan roll over agreement with the lender to repay the loan on 12 October 2025 with a step-up interest rate as follows:

- i) interest rate at 3% per annum for the period from 12 October 2020 to 11 October 2023
- ii) interest at 6% per annum from 12 October to 12 October 2025.

b) Term loan ii

The company obtained a long-term unsecured loan availed from a non-financial institution, which bore interest rate at 6 % per annum and repayable on 22 January 2020. However, on 22 January 2020 the company entered into a loan extension agreement with the lender to repay the loan on 22 January 2025 with a step-up interest rate as follows:

- i) interest rate at 3% per annum till 11 January 2023
- ii) interest at 6% per annum from 12 January 2023 to 12 January 2025.

Working capital loans

a) Trust receipts

The company obtained the trust receipts from various banks. The average effective interest rate for the trust receipts loan is 4.35% (2020: 5.63%) per annum and repayable within 148 days to 256 days (2020: 28 days to 270 days).

b) Trade bills discounting

The company obtained the bill discounting facilities from various banks. The loans arise from foreign bills discounted, which are granted the right of recourse to the banks and are recognised as collateralised borrowing in the financial statements until the related assets are derecognised. The maturity of the bills ranges from 56 to 165 days (2020: 34 to 176 days) from the date of the invoices. The weighted average effective interest rate is 2.75% (2020: 4.16%) per annum. Interest for the period between the date of discounting the bills and the agreed date of payment is recognised on an accrual basis.

c) Coal swap loan/ Coal advance sales and purchase transaction

i) Coal swap loan

The company entered into a facility arrangement called Coal swap loan with a financial institution for US\$50 million. This facility used API4 coal price index as a reference price in its calculation to determine the payment amounts. The reference price used in the calculation period is limited to a floor and cap price. The financial institution is contractually obliged to pay the value derived from Notional Value and reference price. The company is also contractually obliged to pay the value derived from Notional Value and reference price and an additional commodity linked liquidity charge based on 6 Months LIBOR and a margin. The loan facility is for a period from 11 June 2019 (effective date), with the option of the lender to extend the settlement of the facility to 10 June 2021 or, 10 June 2022, subject to decision taken by the financial institution.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

18. BORROWINGS – cont'd

Working capital loans – cont'd

c) Coal swap loan/ Coal advance sales and purchase transaction – cont'd

ii) Coal advance sales and purchase transaction

The company entered into a facility arrangement called Coal advance sales and purchase transaction facility with a financial institution for US\$50 million. This facility used API4 coal price index as a reference price in its calculation to determine the payment amounts. The reference price used in the calculation period is limited to a floor and cap price. The financial institution is contractually obliged to pay the value derived from Notional Value and reference price and an additional commodity linked liquidity charge based on 6 Months LIBOR and a margin. The facility is secured by bankers' performance guarantee. The loan facility is for a period from 16 June 2020 (effective date) to 16 June 2023.

The fair values of the borrowings are not significantly different from their carrying amounts based on discounting expected future cash flows at market lending rates of an equivalent instrument at the end of the reporting period.

The borrowings are secured by:

- i) Lien on fixed deposits and cash margin with banks;
- ii) Charges over certain specific receivables, inventories and the related marine insurance policies, which are financed by the banks and private establishment; Others as disclosed elsewhere in the report;

The above borrowings are subject to loan covenants of which the material information is as follows:

The company shall maintain:

- a) a sum of tangible net worth of US\$1,000,000,000 at all times;
- b) total liabilities to net worth shall not exceed 5:1 at any point of time;
- c) gearing ratio (defined as total liabilities to tangible net worth), current ratio, debt to equity ratio, net debt to EBIDTA as defined in the respective credit facility agreements;

The company regularly monitors its compliance with the financial covenants.

Borrowings are denominated in United States dollar.

19. LEASE LIABILITIES

	<u>2021</u> US\$	<u>2020</u> US\$
<i>Maturity analysis:</i>		
Within one year	189,307	628,881
Within two to five years	-	178,743
	<u>189,307</u>	<u>807,624</u>
Less: future finance charges	<u>(1,113)</u>	<u>(16,634)</u>
	<u>188,194</u>	<u>790,990</u>
<i>Analysed as:</i>		
Current	188,194	613,297
Non-current	-	177,693
	<u>188,194</u>	<u>790,990</u>

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

19. LEASE LIABILITIES – cont'd

The company leases building for its office and residential apartment for a director (Note 10). The incremental borrowing rate is 3.05% (2020: 3.05%) per annum.

Lease liabilities are denominated in Singapore dollar.

20. TRADE AND OTHER PAYABLES

	<u>2021</u> US\$	<u>2020</u> US\$
Trade payables:		
- third parties	393,331,245	526,686,411
- related companies (Note 7)	13,116	665,716
- subsidiary (Note 11)	34,981,129	-
	<u>428,325,490</u>	<u>527,352,127</u>
Advances from customers		
- third parties	64,628	97,161,015
- related company (Note 7)	459,989	-
Deposit received	-	17,164
Accrued expenses	602,212	3,046,322
Other payables		
- third parties	1,744,367	5,406,995
- related companies (Note 7)	30,241,576	11,027,646
- subsidiary (Note 11)	7,220,079	3,851,013
Interest payables	2,387,257	6,173,592
Withholding tax payables	35,122	62,293
Commodity payables	1,440,655	-
	<u>472,521,375</u>	<u>654,098,167</u>

Trade payables are non-interest bearing and are normally settled on 30 to 60 days (2020: 30 to 60 days) and import bills acceptance up to 180 days. Trade payables are principally comprising amounts outstanding for trade purchases.

Trade advances from customers refer to advance money placed by customers with company in connection with future sales of goods.

Other payables to a subsidiary and related parties are unsecured, interest-free and repayable on demand.

Coal Advance Sale and Purchase Transaction

In previous financial year, a facility arrangement between the company and a counterparty was entered into for a coal advance sale and purchase transaction (the "transaction"). During the term of the transaction, the counterparty, subject to selection of physical delivery option, pays for prepaid amount linked to a commodity price index but subject to a Cap Price as per agreement and the company would pay to the counterparty a semi-annual commodity linked charge in respect of this transaction.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

20. TRADE AND OTHER PAYABLES – cont'd

The contracted value of US\$11,619,766 has been recognised as a liability by the company in 2020.

The transaction covers a contractually agreed notional amount of Specific commodity over 3 years commencing May 2017.

Trade and other payables are denominated in the following currencies:

	<u>2021</u> US\$	<u>2020</u> US\$
Australian dollar	-	777
British pound	3,514	-
Indian rupee	5,266	-
Thai baht	2,571	-
Singapore dollar	108,658	105,756
United Arab Emirates dirham	117	-
United States dollar	<u>472,401,249</u>	<u>653,991,634</u>
	<u>472,521,375</u>	<u>654,098,167</u>

21. DERIVATIVE FINANCIAL INSTRUMENTS

<u>2021</u>	<u>Contractual</u> <u>Notional value</u> US\$	<u>Assets/ (Liabilities)</u> US\$
Commodity swaps		
Purchases	7,142,250	117,750
Sales	1,078,500	<u>(248,550)</u>
Net position		<u>(130,800)</u>
<u>2020</u>		
Commodity swaps		
Purchases	25,597,000	(1,017,600)
Sales	52,680,980	<u>(969,920)</u>
Net position		<u>(1,987,520)</u>

The company has entered into commodity and currency derivatives to manage its exposure to price risk and foreign exchange risk.

The fair value of the derivatives is determined based on mark-to-market valuation provided by the bank as at end of reporting period. The company does not designate its derivative contract as hedging instrument and the fair value gain of US\$1,856,720 (2020: loss of US\$3,106,870) for completed contracts has been recognised in the statement of comprehensive income.

Derivative financial instruments are denominated in United States dollar.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

22. REVENUE

Disaggregation of revenue from contracts with customers.

	<u>2021</u> US\$	<u>2020</u> US\$
Revenue from:		
Sale of commodities	2,130,299,442	2,887,774,954
Sales of capital goods	39,838,898	101,693,186
Sales of scrap metal	5,026,260	15,309,363
Charter hire income	1,002,000	1,065,500
	<u>2,176,166,600</u>	<u>3,005,843,003</u>

All revenue are recognised at a point in time except charter hire income which is recognised over time.

23. OTHER INCOME

	<u>2021</u> US\$	<u>2020</u> US\$
Operating income:		
- foreign currency exchange gain	90,362	-
- interest income from financial institutions	1,111,342	2,157,583
- interest income from third parties	1,469,094	11,883,192
	<u>2,670,798</u>	<u>14,040,775</u>
Non-operating income:		
- rental income from investment property	21,753	107,886
- sundry balances written back	358,370	249,806
- cash grant and rental waiver	4,748	-
- Job Support Scheme	200,133	-
- property tax rebate	5,776	-
- reimbursement claims to related party	337,653	-
- service charges claim to related party	82,370	-
- Wage Credit Scheme	1,958	239
- other miscellaneous income	18,116	42,683
	<u>1,030,877</u>	<u>400,614</u>
	<u>3,701,675</u>	<u>14,441,389</u>

During the financial year, the company received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

24. FINANCE COSTS

	<u>2021</u> US\$	<u>2020</u> US\$
Interest on loans, borrowings and bill discounting	25,063,681	46,780,704
Interest on lease liabilities	18,823	32,032
Bank charges and commission	3,796,599	7,505,463
L/C charges	4,329,864	6,851,076
Other interest	378,687	612,033
	<u>33,587,654</u>	<u>61,781,308</u>

25. INCOME TAX

	<u>2021</u> US\$	<u>2020</u> US\$
Current tax:		
Provision for current year	2,777,897	4,505,088
(Over)/ under provision of income tax in prior years	(996,881)	138,860
	<u>1,781,016</u>	<u>4,643,948</u>

Reconciliation between income tax expenses and accounting profit

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% and concessionary rate of 5% (2020: 17% and 5%) to profit before income tax as a result of the following differences:

	<u>2021</u> US\$	<u>2020</u> US\$
Profit before income tax	49,747,401	77,620,437
Income tax expense calculated at 17% (2020: 17%)	8,457,058	13,195,474
Tax effects of:		
- GTP tax concessions	(5,745,523)	(10,534,749)
- non-deductible items	66,362	1,844,363
	2,777,897	4,505,088
(Over)/ under provision of income tax in prior years	(996,881)	138,860
	<u>1,781,016</u>	<u>4,643,948</u>

On 1 April 2018, the company qualified under the Global Trader Programme for a 5% concessionary rate of tax on income approved under the Global Trading Program Scheme. The concessionary rate of income tax by virtue of Section 43P of the Singapore Income Tax Act (Cap.134) is available for a period of 5 years with effect from 1 April 2018, with a possible extension for further periods.

The non-qualifying income under GTP is taxed under the standard Singapore income tax rate of 17% (2020:17%).

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

25. INCOME TAX – cont'd

Movement in income tax payables

	<u>2021</u> US\$	<u>2020</u> US\$
Balance at beginning of year	5,655,549	5,529,089
Income tax paid	(4,658,668)	(4,517,488)
Income tax expense	<u>1,781,016</u>	<u>4,643,948</u>
Balance at end of year	<u>2,777,897</u>	<u>5,655,549</u>

26. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	<u>2021</u> US\$	<u>2020</u> US\$
Employee benefit expenses (including director's emoluments)	7,326,281	7,947,372
Cost of defined contribution plans included in employee benefits	138,140	149,037
Bad debts expenses	5,086,083	491,621
Legal and professional fees	5,408,733	3,529,385
Loss on disposal of investment	209,519	-
Loss on disposal of plant and equipment	-	1,412,946
Sundry balances written off	<u>1,008,451</u>	<u>-</u>

27. COMMITMENTS

	<u>2021</u> US\$	<u>2020</u> US\$
Financial support given to those subsidiaries having:		
- deficiencies in shareholders' funds	28,861,335	507,787,976
- current liabilities in excess of current assets	<u>-</u>	<u>72,507,635</u>

28. CONTINGENT LIABILITIES

	<u>2021</u> US\$	<u>2020</u> US\$
Performance guarantee	39,204,790	100,187,670
Letters of credit	<u>134,563,732</u>	<u>83,195,422</u>
	<u>173,768,522</u>	<u>183,383,092</u>

On 28 February 2020, the company gave a guarantee of US\$ 2m to a third party on behalf of its related party for the contract between the related party and the third party to guarantee any potential breach of representations or warranties by the related party.

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

28. CONTINGENT LIABILITIES – cont'd

On 28 February 2020, for the purpose of satisfying contractual obligations, the company gave guarantees totalling US\$ 122m to third parties on behalf of its related party and subsidiary.

No recognition for the fair value of the financial guarantee is made in the financial statements, as the directors consider that is more likely that no amount will be payable under the arrangement.

29. LEASE COMMITMENTS

The company as lessor

	<u>2021</u> US\$	<u>2020</u> US\$
Minimum lease receipts under operating lease recognised as an income in the year	<u>21,753</u>	<u>107,886</u>

As at the end of the reporting period, future minimum lease receivable under non-cancellable operating leases is as follows:

	<u>2021</u> US\$	<u>2020</u> US\$
Within one year	-	38,617
In the second to fifth years inclusive	<u>-</u>	<u>-</u>
	<u>-</u>	<u>38,617</u>

In year 2020, the company rents out its investment property to a non-related party under operating lease (Note 9).

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the company's liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

<u>Borrowings (Note 18)</u>	<u>2021</u> US\$	<u>2020</u> US\$
Balance at beginning of the year	612,071,862	754,351,709
<i>Financing cash flows on cash transactions:</i>		
Add: Proceeds from borrowings	1,087,909,442	2,175,467,451
Less: Repayment of borrowings	(1,181,849,644)	(2,317,747,298)
	<u>(93,940,202)</u>	<u>(142,279,847)</u>
Balance at the end of year	<u>518,131,660</u>	<u>612,071,862</u>

ADANI GLOBAL PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES – cont'd

<u>Lease liabilities (Note 19)</u>	<u>2021</u> <u>US\$</u>	<u>2020</u> <u>US\$</u>
Balance at beginning of the year	790,990	-
Add: Adoption of FRS 116	-	997,859
	<u>790,990</u>	<u>997,859</u>
Add: Addition during the year	-	359,096
<i>Financing cash flows on cash transaction:</i>		
Less: Repayment of principal portion	(638,963)	(565,965)
Less: Payment of lease interest	(18,823)	(32,032)
	<u>(657,786)</u>	<u>(597,997)</u>
<i>Non-cash transaction:</i>		
Add: Interest on lease liabilities	18,823	32,032
Add: Foreign currency exchange loss	36,167	-
	<u>54,990</u>	<u>32,032</u>
Balance at the end of year	<u>188,194</u>	<u>790,990</u>

31. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen between the end of the reporting period and the date of authorisation for issue of the financial statements which are likely to affect substantially the results of operations of the company for the succeeding financial year.

ADANI GLOBAL PTE. LTD.

DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2021

	<u>2021</u> US\$	<u>2020</u> US\$
Sales	2,176,166,600	3,005,843,003
Less: Cost of goods sold		
Purchases	1,829,560,097	2,582,011,447
Freight & material handling	243,559,953	269,130,547
	(2,073,120,050)	(2,851,141,994)
Gross profit	103,046,550	154,701,009
Add: Other income		
Operating income		
Foreign currency exchange gain	90,362	-
Interest income from financial institutions	1,111,342	2,157,583
Interest income from third parties	1,469,094	11,883,192
Non-operating income		
Rental income from investment property	21,753	107,886
Sundry balances written back	358,370	249,806
Cash grant and rental waiver	4,748	-
Job Support Scheme	200,133	-
Property tax rebate	5,776	-
Reimbursement claims to related party	337,653	-
Service charges claim to related party	82,370	-
Wage Credit Scheme	1,958	239
Other miscellaneous receipts	18,116	42,683
	3,701,675	14,441,389
	106,748,225	169,142,398
Less: Operating expenses		
- Schedule 'A'	57,000,824	91,521,961
	(57,000,824)	(91,521,961)
Profit before income tax	49,747,401	77,620,437

This schedule does not form part of the statutory financial statements.

ADANI GLOBAL PTE. LTD.

Schedule 'A'

OPERATING EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	<u>2021</u> US\$	<u>2020</u> US\$
Marketing and distribution expenses		
Brokerage and commission	151,894	4,042,225
Business promotion expenses	30,359	80,955
Entertainment expenses	17,314	34,231
Insurance	570,990	347,873
Administrative expenses		
Auditors' remuneration	90,000	80,000
Communication	178,580	222,092
Directors' remuneration	2,664,022	2,820,485
Directors' CPF	-	5,932
Donations	255,625	2,839
Electricity expenses	23,137	24,214
Insurance	44,657	17,363
Legal and Professional fees	5,408,733	3,529,385
Office expenses	96,658	70,044
Postage and courier	23,401	27,114
Printing and stationery	34,014	37,491
Property tax	20,560	21,402
Repairs and maintenance	134,682	207,787
Rental of office building	67,058	63,834
Ship management expenses	277,284	388,251
Subscription & membership fee	281,009	264,714
Staff salaries	3,883,522	4,279,937
Staff CPF	138,140	143,105
Staff medical and welfare expenses	640,597	543,404
Travelling expenses	67,884	478,925
Finance costs		
Interest on loans and borrowings	8,107,284	9,325,638
Interest on bill discounting, invoice financing and trust receipt	16,956,397	37,455,066
Interest on lease liabilities	18,823	32,032
Bank charges and commission	3,796,599	7,505,463
Finance charges	-	89,372
L/C charges	4,329,864	6,851,076
Other interest	378,687	522,661
Impairment loss on financial assets		
Impairment loss on financial assets	901,954	8,764,087
Other expenses		
Bad debts expense	5,086,083	491,621
Depreciation of property, plant and equipment	466,459	634,850
Depreciation of investment property	37,309	37,308
Depreciation of right-of-use assets	603,275	577,277
Foreign currency exchange loss	-	88,962
Loss on disposal of investment	209,519	-
Loss on disposal of plant and equipment	-	1,412,946
Sundry balances written off	1,008,451	-
	<u>57,000,824</u>	<u>91,521,961</u>

This schedule does not form part of the statutory financial statements.