

ADANI GLOBAL PTE LTD

(Registration number: 200003047N)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

ADANI GLOBAL PTE LTD

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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ADANI GLOBAL PTE LTD

DIRECTORS' STATEMENT

The directors 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 2016.

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 2016 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 when they fall due.

2. DIRECTORS

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

Arup Roy
Prasanna Sundeep (Appointed on 23 March 2016)
Saboo Shrikant Vinod (Appointed on 23 March 2016)
Yuki Tanizaki (Appointed on 19 May 2015)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF 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 OPTION

During the financial year, no option to take up unissued shares of the company was granted.

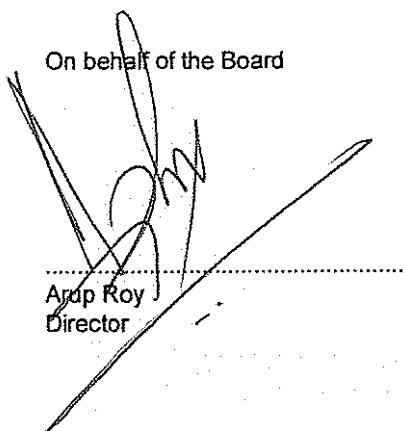
During the financial year, there were no shares of the company issued by virtue of the exercise of options to take up unissued shares.

As at the end of the financial year, there were no unissued shares of the company under option.

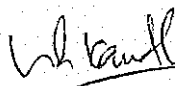
6. INDEPENDENT AUDITORS

The independent auditors, Prudential Public Accounting Corporation, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board



Arup Roy
Director



Saboo Shrikant Vinod
Director

20 MAY 2016

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
ADANI GLOBAL PTE LTD**

Report on the Financial Statements

We have audited the accompanying financial statements of **ADANI GLOBAL PTE LTD** (the "company") which comprise the statement of financial position of the company as at 31 March 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows of the company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provision of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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**

20 MAY 2016

ADANI GLOBAL PTE LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
ASSETS			
Non-current assets:			
Plant and equipment	(8)	102,301	81,184
Investment properties	(9)	4,201,226	4,281,834
Investment in subsidiaries	(10)	43,736,752	43,725,986
Interest in joint venture	(11)	3,800,000	3,800,000
Total non-current assets		<u>51,840,279</u>	<u>51,889,004</u>
Current assets:			
Inventories	(12)	15,037,265	39,607,943
Trade and other receivables	(13)	2,010,088,119	2,120,346,433
Other current assets	(14)	2,580,975	3,727,404
Cash and cash equivalents	(15)	119,199,362	129,364,148
Derivative financial instruments	(19)	4,155,512	-
Total current assets		<u>2,151,061,233</u>	<u>2,293,045,928</u>
Total assets		<u>2,202,901,512</u>	<u>2,344,934,932</u>
EQUITY AND LIABILITIES			
Equity:			
Share capital	(16)	27,600,000	27,600,000
Retained earnings		<u>882,454,374</u>	<u>793,302,234</u>
Total equity		<u>910,054,374</u>	<u>820,902,234</u>
Non-current liabilities:			
Borrowings	(17)	581,541	41,778,342
Total non-current liabilities		<u>581,541</u>	<u>41,778,342</u>
Current liabilities:			
Borrowings - current portion	(17)	644,370,987	878,566,790
Trade and other payables	(18)	641,995,905	585,933,305
Derivative financial instruments	(19)	-	7,343,042
Income tax payables	(23)	5,898,705	10,411,219
Total current liabilities		<u>1,292,265,597</u>	<u>1,482,254,356</u>
Total liabilities		<u>1,292,847,138</u>	<u>1,524,032,698</u>
Total equity and liabilities		<u>2,202,901,512</u>	<u>2,344,934,932</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 2016

	<u>Note</u>	<u>2016</u> <u>US\$</u>	<u>2015</u> <u>US\$</u>
Revenue	(20)	3,485,238,954	3,648,449,037
Cost of goods sold		<u>(3,347,122,633)</u>	<u>(3,438,577,612)</u>
Gross profit		138,116,321	209,871,425
Other income	(21)	8,516,885	18,017,290
Marketing and distribution expenses		(3,738,796)	(3,975,041)
Administrative expenses		(11,871,099)	(9,848,852)
Finance costs	(22)	(35,184,439)	(32,354,509)
Other expenses		<u>(2,097,951)</u>	<u>(1,029,963)</u>
Profit before income tax		93,740,921	180,680,350
Income tax expense	(23)	<u>(4,588,781)</u>	<u>(10,168,485)</u>
Profit for the year	(24)	89,152,140	170,511,865
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>89,152,140</u>	<u>170,511,865</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 2016

	<u>Share Capital</u> US\$	<u>Retained Earnings</u> US\$	<u>Total</u> US\$
Balance as at 1 April 2014	27,600,000	622,790,369	650,390,369
Total comprehensive income for the year	-	170,511,865	170,511,865
Balance as at 31 March 2015	27,600,000	793,302,234	820,902,234
Total comprehensive income for the year	-	89,152,140	89,152,140
Balance as at 31 March 2016	27,600,000	882,454,374	910,054,374

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 2016

	<u>Note</u>	<u>2016</u> US\$	<u>2015</u> US\$
Cash flows from operating activities			
Profit before income tax		93,740,921	180,680,350
Adjustment for:			
Depreciation of plant and equipment		101,261	109,691
Depreciation of investment properties		80,608	80,608
Interest expense		35,184,439	32,354,509
Interest income		(7,626,213)	(16,925,723)
Operating profit before working capital changes		121,481,016	196,299,435
Inventories		24,570,678	(32,241,703)
Trade and other receivables		307,645,760	(349,281,735)
Other current assets		1,146,429	1,439,084
Derivative financial instruments		(11,498,554)	4,745,580
Trade and other payables		56,062,600	48,766,322
Cash generated from/(used in) operations		499,407,929	(130,273,017)
Income tax paid		(9,101,295)	(10,957,266)
Net cash generated from/(used in) operating activities		490,306,634	(141,230,283)
Investing activities:			
Interest received		9,952,026	16,626,931
Acquisition of subsidiaries		(10,766)	(1,253,203)
Acquisition of plant and equipment		(122,378)	(10,982)
Increase in net amount due from related parties		(225,595,000)	(50,659,170)
Fixed deposit		(16,676,631)	(19,402,138)
Net cash used in investing activities		(232,452,749)	(54,698,562)
Financing activities:			
Interest paid		(35,184,439)	(31,809,822)
Decrease in net amount due from third parties		25,881,741	30,551,756
(Repayment)/proceeds of working capital loans-net		(185,012,745)	296,608,293
Repayment of term loans		(90,379,859)	(90,474,023)
Net cash (used in)/from financing activities		(284,695,302)	204,876,204
Net (decrease)/increase in cash and cash equivalents		(26,841,417)	8,947,359
Cash and cash equivalents at beginning of year		36,881,364	27,934,005
Cash and cash equivalents at end of year	(15)	10,039,947	36,881,364

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 2016

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 as general merchants, importers and exporters, commission agents and manufacturer's representative.

The financial statements of the company for the year ended 31 March 2016 were authorised for issue in accordance with the directors' resolution dated 20 May 2016.

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 – cont'd

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

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the company has adopted all the new and revised FRSs and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations did not have any effect on the financial statements of the company.

(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>Standard</u>	<u>Description</u>	<u>Effective date annual periods beginning on or after</u>
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
FRS 16, FRS38	Amendments to FRS 16 & FRS38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2016
FRS 110, FRS 112, FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018

(c) Improvements to FRSs Issued in 2014

INT FRS and amendments issued in 2014 that are relevant to the company were issued but not effective are as follows:

<u>Reference</u>	<u>Description</u>	<u>Effective of annual period beginning on or after</u>
FRS 105	Amendments to FRS 105: Non-current Assets Held for Sale and Discontinue Operations	1 January 2016
FRS 107	Amendments to FRS 107 Financial Instruments: Disclosures Servicing contracts	1 January 2016
FRS 19	Amendments to FRS 19: Employee Benefits	1 January 2016

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2 Changes in Accounting Policies – cont'd

(c) Improvements to FRSs Issued in 2014 – cont'd

The improvement contains amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments.

The company expect that the adoption of the above standards, interpretations and improvements, if applicable, will have no material impact on the financial statements in the period of initial application, except as described below:

i) FRS 1 Presentation of Financial Statements: Disclosure Initiative (Amendments)

Amendments have been made to the following:

Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

Statement of financial position and statement of profit and loss and other comprehensive income – The lists of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassification to profit or loss.

Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

Management is currently evaluating the potential impact of the application of these amendments to FRS 1 on the financial statements of the company in the period of initial application.

ii) Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to FRS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to FRS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.2 Changes in Accounting Policies – cont'd

ii) Amendments to FRS 16 and FRS 38

Clarification of Acceptable Methods of Depreciation and Amortisation – cont'd

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group and the Company uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Group and the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Group do not anticipate that the application of these amendments to FRS 16 and FRS 38 will have a material impact on the Group's and the Company's financial statements.

iii) FRS 109 – Financial Instruments

FRS 109 was introduced to replace FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. This standard also provides a simplified hedge accounting model that will align more closely with the entity's risk management strategies. The standard is effective for annual period beginning on or after 1 January 2018. The Company is currently determining the impact of this standard.

iv) FRS 115 – Revenue from Contracts with Customers

FRS 115 sets out the requirements for recognising revenue that applies to all contracts with customers (except for contract that are within the scope of the standards on leases, insurance contracts and financial instruments). FRS 115 replaces the previous revenue Standards: FRS 18 Revenue and FRS 11 *Construction Contracts*, and the related interpretations on revenue recognition; INT FRS 115 *Agreements for the Construction of Real Estate*; INT FRS 118 *Transfers of Assets from Customers*; and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. It is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is currently determining the impact of this standard.

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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.3. Functional and Foreign Currency – cont'd

(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. Translation difference on non-monetary items, such as equity instruments classified as financial assets at fair value through profit or loss, are recognised as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in reserve in equity. All realised and unrealised foreign exchange gains and losses are recognised in profit or loss.

2.4. Plant and Equipment

(a) Measurement

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 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 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

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 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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.4. Plant and Equipment – cont'd

(e) Disposal

On disposal of an item of 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.

(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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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 produces the consolidated financial statements which are available for public use.

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 produces consolidated financial statements which are available for public use.

2.8. 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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.9. Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and the rendering of services in the ordinary course of the company's activities. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below:

(a) Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(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.

(d) Insurance claim

Revenue from insurance claim is recognised when an offer of settlement received from the insurer and the claim amount is virtually certain.

2.10. 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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.11. 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 annual leave as a result of services rendered by the employees up to the end of the reporting period.

2.12. 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.

2.13. Operating Leases

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

(a) Where the company is the lessee

When the company has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) Where the company is the 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.

2.14. Income Taxes

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

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.14. Income Taxes – cont'd

(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 in country where the company operates by the end of the reporting period.

(b) Deferred tax

Deferred tax is provided, using the balance sheet 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 receivable 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

2.15. 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 the group and the company if the following conditions applies:
 - (i) the entity and the company are members of the same group which means that each parent, subsidiary and fellow subsidiary;
 - (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 FRS24.

2.16. 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

2.16. 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.

2.17. 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.

2.18. Event 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 the company becomes a party to the contractual provisions of the instrument.

3.1. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets in these financial statements are classified into loans and receivables and financial assets at fair value through profit or loss. The classification depends on the nature and purpose of financial assets and determined at the time of initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing 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 as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair values of the financial assets are recognised in profit or loss. Net gains or losses on financial assets at fair value through profit or loss include exchange differences.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or

loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The company uses derivative financial instruments including forward exchange contract and futures commodities contracts to manage the financial risks arising from the business activities and the financing of those activities.

(b) Loans and receivables

Trade receivables, loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables, bank balances and cash are classified within loans and receivables on the statement of financial position.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.2. Financial Assets – cont'd

(a) Loans and receivables – cont'd

(i) Trade and other receivables – cont'd

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

For loans that are with recourse to the lender, the proceeds from the bills discounting of the company's trade receivables has been accounted for as collateralised borrowing.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits with banks with original maturity within 3 months and are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(b) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable are uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(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.

3.3. 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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.3. Equity Instrument and Financial Liabilities – cont'd

(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 fair value through profit or loss" or "other financial liabilities at amortised costs".

(i) Financial liabilities at amortised cost

Financial liabilities are initially recognised at value plus directly attributable costs and subsequently measured at amortised cost using the effective interest rate 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 are classified within "trade and other payables" and "borrowing" and "trust receipts" on the statement of financial position.

Trade and other payables

Financial liabilities include trade and other payables. Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Term loan and short-term borrowings from financial institutions

Term loan and short-term borrowings from financial institutions are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the term loan, trust receipts and bills payable using the effective interest method.

Term loans, which are due to be settled within twelve months after the end of the reporting period, are included in current liability in the statement of financial position. Other term loans due to be settled more than twelve months after the end of the reporting period are in non-current portion of term loan in the statement of financial position.

(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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.3. Equity Instrument and Financial Liabilities – cont'd

(b) Financial liabilities

(ii) Financial liabilities at fair value through profit or loss – cont'd

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.

Derivative Financial Instruments

Derivative financial instruments including commodity swap contracts, foreign exchange forward contracts and resettable 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 recognized 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 listed market price at the commodity exchanges at the end of the reporting period.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liability.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.4. Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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 tax payables are disclosed in Note 23 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.

(c) Revenue – gross presentation

For the sale of coal, 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 profit or loss and other comprehensive income. The company's revenue from the sale of coal products is disclosed in Note 20 to the financial statements.

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

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 plant and equipment and investment properties

The company reviews the carrying amounts of the 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 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 plant and equipment and investment properties are disclosed in Note 8 and Note 9 to the financial statements.

(b) Depreciation of plant and equipment and investment properties

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.

(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 amount of investment in subsidiaries are disclosed in Note 10 to the financial statements.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

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

(d) Allowance for doubtful debts

An allowance for doubtful debts accounts for estimated loss resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful debts. The carrying amount of trade receivable included in the statement of financial position are disclosed in Note 13 to the financial statements.

(e) Impairment of other current assets

The company's management reviews other current assets on a regular basis to determine if any provision for impairment is necessary. The impairment loss on deposits and advance with suppliers is established when there is evidence that the company will not be able to collect all amounts due according to the original terms of purchase of goods or to receive the services according to the original terms of contracts. Significant financial difficulties of the deposit holder and supplier, probability that the deposit holder and supplier will enter in to bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the deposits and advance with supplier are impaired. Management reassesses the impairment of deposits and advance with suppliers at the end of the reporting period.

(f) Impairment of financial assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

When there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the financial assets at the end of the reporting period is disclosed in various notes to the financial statements.

(g) Provisions

Provisions are recognized in accordance with the accounting policy in Note 2.10. 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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS 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>2016</u> US\$	<u>2015</u> US\$
Financial assets:		
<u>Loans and receivables:</u>		
- Trade and other receivables	1,835,911,656	2,077,376,153
- Cash and cash equivalents	119,199,362	129,364,148
<u>Fair value through profit or loss:</u>		
- Derivative financial instruments	4,155,512	-
	<u>1,959,266,530</u>	<u>2,206,740,301</u>
Financial liabilities:		
<u>At amortised costs:</u>		
- Trade and other payables	640,467,306	507,828,499
- Borrowings	644,952,528	920,345,132
<u>Fair value through profit or loss:</u>		
- Derivative financial instruments	-	7,343,042
	<u>1,285,419,834</u>	<u>1,435,516,673</u>

Further quantitative disclosures are included throughout these financial statements.

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.

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

(a) Credit risk

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

(i) Trade and other receivables

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers except as disclosed in Note 13. The company performs on-going credit evaluations of its customers and generally do not require collateral. When the company becomes aware of a customer's inability to meet its obligations, such as in the case of bankruptcy filing or deterioration in the customer's financial condition, the company records a specific allowance to reduce the related receivable to the amount the company reasonably believes is collectible. The company also records allowances for bad debt for all other customers based on a variety of factors including the length of time the receivables are past due, the financial condition of the customer, macroeconomic conditions and historical experience. The company maintains allowances for potential credit losses and such losses have been within management's expectations.

(ii) Cash and cash equivalents

The company's cash and bank balances as detailed in Note 15 to the financial statements, are held in major financial institutions which are regulated and located in Singapore, India and Dubai, which the management believes are of high credit quality. The management does not expect any losses arising from non-performance by these counterparties. The main purpose of these financial instruments is to finance the company's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors' resolutions, with banking mandates, which define the permitted financial instruments and facilities limits, all of which are approved by the Board of Directors. All financial transactions require dual signatories.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good credit record with the company. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings assigned by international credit-rating agencies and no history of default.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

(b) Market risk

Market risk exposures are measured using sensitivity analysis indicated below:

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

(b) Market risk – cont'd

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 exposed to interest rate risk associated with overdrafts, long-term loans, working and bank capital loans. The exposure to interest rate risk is monitored on a regular basis to ensure that the bank borrowings are maintained at favourable interest rates. The interest rates and terms of repayment of borrowings are disclosed in Note 17 to the financial statements. Management believes that interest rate risk is manageable; hence, the company does not use derivative financial instruments to mitigate this risk.

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.

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\$4,434,755** (2014: US\$3,595,086).

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.

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

(b) Market risk - cont'd

Foreign currency risk – cont'd

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

	<u>2016</u> US\$	<u>2015</u> US\$
Singapore dollar exposure:		
<u>Financial assets and liabilities:</u>		
Trade and other receivables	563,443	678,261
Cash and cash equivalents	206,643	430,552
Borrowings	(939,640)	(1,319,499)
Trade and other payables	(71,017)	(94,165)
Net foreign currency exposure	<u>(213,133)</u>	<u>(304,851)</u>

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 Singapore dollar would increase/ (decrease) profit or loss and equity by the amount shown below:

	<u>2016</u> US\$	<u>2015</u> US\$
S\$/US\$		
- strengthen 10% (2015: 10%)	<u>(21,313)</u>	<u>(30,485)</u>

A 10% weakening of United States dollar against the Singapore dollar 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 major 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.

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

(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.

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 99% (2015: 95%) 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 non-derivative 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.

2016	Effective interest rate p.a. %	Carrying amount US\$	<u>Contractual undiscounted cash flows</u>		
			One year or <u>less</u> US\$	Two to five <u>years</u> US\$	<u>Total</u> US\$
<u>Non-derivative</u>					
<u>Financial liabilities:</u>					
Trade and other payables	-	640,467,306	640,467,306	-	640,467,306
Borrowings	1.5-4.4	644,952,528	647,341,262	565,094	647,906,356
Total undiscounted financial liabilities		1,285,419,834	1,287,808,568	565,094	1,288,373,662

			<u>Contractual undiscounted cash flows</u>		
<u>2015</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	-	507,828,499	507,828,499	-	507,828,499
Borrowings	1.5-4.2	920,345,132	882,845,407	42,204,823	925,050,230
Total undiscounted financial liabilities		1,428,173,631	1,390,673,906	42,204,823	1,432,878,729

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

(c) Liquidity risk – cont'd

<u>2016</u>	<u>Effective interest rate p.a. %</u>	<u>Carrying amount US\$</u>	<u>Contractual undiscounted cash flows</u>		
			<u>One year or less US\$</u>	<u>Two to five years US\$</u>	<u>Total US\$</u>
Derivatives financial liabilities:					
- Net settled commodity swap	-	4,155,512	4,155,512	-	4,155,512

<u>2015</u>	<u>Effective interest rate p.a. %</u>	<u>Carrying amount US\$</u>	<u>Contractual undiscounted cash flows</u>		
			<u>One year or less US\$</u>	<u>Two to five years US\$</u>	<u>Total US\$</u>
Derivatives					
financial liabilities:					
- Net settled					
commodity swap	-	7,098,025	7,098,025	-	7,098,025
- Currency forward	-	245,017	245,017	-	245,017

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 considers that the carrying amounts of cash and cash equivalents, amounts due to immediate holding company, subsidiaries, related parties, trade and other payables and interest bearing borrowings, recorded at amortised cost in the financial statements approximate their fair values.

(ii) Fair value hierarchy

The company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: 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 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

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

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

<u>2016</u>	<u>Carrying Amount US\$</u>	<u>Level 1 US\$</u>	<u>Level 2 US\$</u>	<u>Level 3 US\$</u>	<u>Total US\$</u>
Derivative financial instruments	<u>4,155,512</u>	<u>-</u>	<u>4,155,512</u>	<u>-</u>	<u>4,155,512</u>

<u>2015</u>	<u>Carrying Amount US\$</u>	<u>Level 1 US\$</u>	<u>Level 2 US\$</u>	<u>Level 3 US\$</u>	<u>Total US\$</u>
Derivative financial instruments	<u>(7,343,042)</u>	<u>-</u>	<u>(7,343,042)</u>	<u>-</u>	<u>(7,343,042)</u>

Determination of fair value

Forward commodity contracts and forward currency contracts are valued using forward pricing with market observable inputs. The fair value of the resettable prepaid commodity price swap is calculated by reference to the pricing model defined in Resettable Pre-paid Swap agreement with the institutional counterparty with market observable inputs.

During the financial year ended 31 March 2016, 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, 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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

5.3. Capital Management – cont'd

	2016 US\$	2015 US\$
Trade and other payables	641,995,905	585,933,305
Borrowings	644,952,528	920,345,132
Derivative financial instruments	-	7,343,042
Less: Cash and cash equivalents	(119,199,362)	(129,364,148)
Net debt	1,167,749,071	1,384,257,331
Total equity	910,054,374	820,902,234
Total capital	2,077,803,445	2,205,159,565
Gearing ratio	56%	63%

The capital structure of the company's mainly consists of equity and debt and the Company's overall strategy remains unchanged from 31 March 2016.

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 17).

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 took place 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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. RELATED PARTY TRANSACTIONS – cont'd

Significant related party transactions:

	<u>2016</u> US\$	<u>2015</u> US\$
Sales to:		
- ultimate holding company	416,323,058	1,137,526,83
- related companies	<u>961,480,423</u>	<u>942,324,682</u>
Purchases from		
- related companies	<u>361,855,608</u>	<u>116,772,206</u>
Ocean freight, despatch/ demurrage charges from		
- related companies	1,404,731	(113,246)
- subsidiaries	<u>168,367,939</u>	<u>137,175,115</u>
Professional fees to		
- related companies	1,574,958	361,913
- subsidiaries	<u>-</u>	<u>757,264</u>
Salary reimbursement from subsidiary	<u>-</u>	<u>6,500</u>
Key management personnel compensation:		
- Short-term employee benefits	<u>1,760,264</u>	<u>1,851,793</u>

8. PLANT AND EQUIPMENT

	<u>Computer & Office Equipment</u> US\$	<u>Furniture & Fittings</u> US\$	<u>Total</u> US\$
<u>Cost</u>			
At 1.4.2014	253,745	278,627	532,372
Additions	<u>10,982</u>	<u>-</u>	<u>10,982</u>
At 31.3.2015	264,727	278,627	543,354
Additions	<u>39,979</u>	<u>82,399</u>	<u>122,378</u>
At 31.3.2016	<u>304,706</u>	<u>361,026</u>	<u>665,732</u>
<u>Accumulated depreciation</u>			
At 1.4.2014	192,890	159,589	352,479
Charged for the year	<u>34,758</u>	<u>74,933</u>	<u>109,691</u>
At 31.3.2015	227,648	234,522	462,170
Charged for the year	<u>31,272</u>	<u>69,989</u>	<u>101,261</u>
At 31.3.2016	<u>258,920</u>	<u>304,511</u>	<u>563,431</u>
<u>Net carrying amount</u>			
At 31.3.2015	<u>37,079</u>	<u>44,105</u>	<u>81,184</u>
At 31.3.2016	<u>45,786</u>	<u>56,515</u>	<u>102,301</u>

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. PLANT AND EQUIPMENT – cont'd

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

9. INVESTMENT PROPERTIES

	<u>Leasehold Properties</u> US\$
<u>Cost</u>	
At 31.3.2015 and 2016	4,826,852
<u>Accumulated depreciation</u>	
At 31.3.2014	464,410
Charged for the year	80,608
At 31.3.2015	545,018
Charged for the year	80,608
At 31.3.2016	625,626
<u>Net carrying amount</u>	
At 31.3.2015	4,281,834
At 31.3.2016	4,201,226

Details of investment properties are as follows:

	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>
	<u>Cost</u> US\$	<u>Fair Value</u> US\$	<u>Cost</u> US\$	<u>Fair Value</u> US\$
Leasehold property I situated at 10 Anson Road #34-16, International Plaza, Singapore 079903 (217 sq m)	2,592,802	2,978,000	2,592,802	3,423,000
Leasehold property II situated at 10 Anson Road #34-15, International Plaza, Singapore 079903 (175 sq m)	2,234,050	2,532,000	2,234,050	2,840,000

Investment properties were leased to third parties under operating lease during the financial year (Note 26).

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>2016</u> US\$	<u>2015</u> US\$
Rental income	<u>285,307</u>	<u>205,740</u>
Direct operating expenses arising from investing property		
Property tax	(26,036)	(24,181)
Depreciation	<u>(80,608)</u>	<u>(80,608)</u>

As at 31 March 2016, the company has mortgaged its investment properties and assigned the rental proceeds, towards settlement of property loans (Note 17).

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. INVESTMENT IN SUBSIDIARIES

	<u>2016</u> US\$	<u>2015</u> US\$
<u>Unquoted equity investments at cost</u>		
At beginning of financial year	43,725,986	42,472,783
Additions	<u>10,766</u>	<u>1,253,203</u>
At end of financial year	<u>43,736,752</u>	<u>43,725,986</u>

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>2016</u> %	<u>2015</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 GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

10. INVESTMENT IN SUBSIDIARIES – cont'd

<u>Name of the subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>Equity holding</u>	
			<u>2016</u> %	<u>2015</u> %
Adani Minerals Pty Ltd	Export & import and mine supporting activity	Australia	90	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	-
Adani Infrastructure Pty Ltd	Export & import and mine supporting activity	Australia	100	-

One set of 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 House, Nr Mithakhali Circle, Navrangpura, Ahmedabad 380 009, Gujarat, India.

As at the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiaries. The review revealed no impairment in value required. 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.

11. INTEREST IN JOINT VENTURE

	<u>2016</u> <u>US\$</u>	<u>2015</u> <u>US\$</u>
Unquoted equity investments at cost	3,800,000	3,800,000

The company has 50% interest in the jointly controlled entity, Adani Wilmar Pte Ltd. The joint venture is incorporated in Singapore and the principal activities of the joint venture are to carry on business of trading in various types of pulses, grains and other agricultural commodities.

As stated in Note 10 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.

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

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. INVENTORIES

	<u>2016</u> US\$	<u>2015</u> US\$
Goods in transit	<u>15,037,265</u>	<u>39,607,943</u>

Goods-in-transit refers to inventories that have been shipped by the supplier, but not yet been received by the customer as at 31 March 2016.

Cost of inventories recognised as an expenses and include in "cost of goods sold" amounts to US\$3,347,122,633 (2015: US\$3,438,577,612).

13. TRADE AND OTHER RECEIVABLES

	<u>2016</u> US\$	<u>2015</u> US\$
Trade receivables:		
- ultimate holding company (Note 6)	290,966,647	508,570,320
- related companies (Note 7)	415,634,173	424,344,630
- third parties	318,829,948	532,075,471
	<u>1,025,430,768</u>	<u>1,464,990,421</u>
Less: allowance for doubtful debts	<u>(24,634)</u>	<u>(123,425)</u>
	1,025,406,134	1,464,866,996
Other receivables:		
Advances to:		
- related companies (Note 7)	142,986,813	23,182,082
- third parties	31,189,650	19,788,198
Commodity receivables	2,480,988	-
GST receivables	476,473	583,362
Loan to employees	100,520	120,906
Interest receivables	2,104,001	4,429,814
Margin money for commodity	-	1,229,000
Other receivables – related companies (Note 7)	-	517,990
Other receivables – third parties	2,196	-
Loan to:		
- subsidiaries (Note 10)	608,212,438	382,617,438
- third parties	<u>197,128,906</u>	<u>223,010,647</u>
	<u>2,010,088,119</u>	<u>2,120,346,433</u>

(a) Trade receivables

Trade receivables are non-interest bearing except related companies and the credit periods are within 30 to 360 days' (2015: 30 to 360 days') terms. 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 allowances for the doubtful debts.

The company has concentration of trade receivables (credit risk) with four counter party (2015: two counter parties) amounting to approximately US\$701,872,185 (2015: US\$750,709,890) which represent 68% (2015: 51%) of trade receivables.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

13. TRADE AND OTHER RECEIVABLES – cont'd

(b) Trade receivables that are discounted

Included in trade receivables, a sum of US\$386,779,835 (2015: US\$524,948,256), 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.

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

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.

Management has assessed the credit worthiness of the other debtors including ultimate holding company, subsidiary and related companies and considers that no allowance for impairment of other receivables is necessary as there were no recent history of default in respect of these debtors.

Loan to subsidiaries are unsecured, interest-free and are repayable on demand.

Loan to third parties are interest bearing at LIBOR plus margin.

Aging of trade receivables at the end of the reporting period is as follows:

	<u>2016</u> US\$	<u>2015</u> US\$
Not past due and not impaired	988,200,666	1,378,880,210
Past due but not impaired	<u>37,205,468</u>	<u>85,986,786</u>
	<u>1,025,406,134</u>	<u>1,464,866,996</u>

Ageing of trade receivables that are past due but not impaired.

	<u>2016</u> US\$	<u>2015</u> US\$
Lesser than 30 days	12,598,673	70,689,348
31 to 60 days	1,986,201	1,244,259
61 to 90 days	4,059,349	2,284,064
More than 91 days	<u>18,561,245</u>	<u>11,769,115</u>
	<u>37,205,468</u>	<u>85,986,786</u>

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

13. TRADE AND OTHER RECEIVABLES – cont'd

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to trade receivables that are in significant financial difficulties and have defaulted on payments.

The company's trade receivables that are impaired at the end of the reporting period and the movements of the allowance accounts used to record the impairment are as follows:

	<u>2016</u> US\$	<u>2015</u> US\$
At beginning of the year	123,425	186,024
Bad debts recovery during the year	(6,478)	-
Provision during the year	3,077	-
Written off during the year	(95,390)	(62,599)
At end of the year	<u>24,634</u>	<u>123,425</u>

Trade and other receivables are denominated in following currencies:

	<u>2016</u> US\$	<u>2015</u> US\$
British pound	125,357	-
Indian rupee	16,602	-
Singapore dollar	590,881	737,930
United States dollar	<u>2,009,355,279</u>	<u>2,119,608,503</u>
	<u>2,010,088,119</u>	<u>2,120,346,433</u>

14. OTHER CURRENT ASSETS

	<u>2016</u> US\$	<u>2015</u> US\$
Deposits	470,470	236,483
Prepayments	<u>2,110,505</u>	<u>3,490,921</u>
	<u>2,580,975</u>	<u>3,727,404</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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

15. CASH AND CASH EQUIVALENTS

	<u>2016</u> US\$	<u>2015</u> US\$
Bank balances	10,039,947	36,881,364
Fixed deposits	109,159,415	92,482,784
	<u>119,199,362</u>	<u>129,364,148</u>
Less:		
Restricted deposits	(109,159,415)	(92,482,784)
Cash and cash equivalents as per the statement of cash flows	<u>10,039,947</u>	<u>36,881,364</u>

Cash and cash equivalents comprise cash at banks held by the company and short-term bank deposits with an original maturity of three months or less. Cash and cash equivalents carried in the statement of financial position are classified and accounted for as loans and receivables under FRS 39.

Fixed deposits are made for varying periods between 14 days to 571 days (2015: 30 days to 365 days) depending upon the immediate cash requirements of the company. The fixed deposits bear average effective interest rate of 0.35%-2.46% (2015: 0.20%-1.38%) per annum.

Fixed deposits include margin money deposits held with the banks to operate letters of credit with the banks (Note 17). 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>2016</u> US\$	<u>2015</u> US\$
Singapore dollar	206,643	430,552
United States dollar	118,992,719	128,933,596
	<u>119,199,362</u>	<u>129,364,148</u>

16. SHARE CAPITAL

	<u>2016</u> Number of ordinary shares	<u>2015</u> Number of ordinary shares	<u>2016</u> US\$	<u>2015</u> US\$
Issued and paid up				
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.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

17. BORROWINGS

	<u>2016</u> US\$	<u>2015</u> US\$
Long term bank loans	41,772,973	132,152,832
Working capital loans	<u>603,179,555</u>	<u>788,192,300</u>
	<u>644,952,528</u>	<u>920,345,132</u>
	<u>2016</u> US\$	<u>2015</u> US\$
Long term bank loans		
Term loan i	521,689	728,985
Term loan ii	417,951	590,514
Term loan iii	20,833,333	70,833,333
Term loan iv	20,000,000	60,000,000
Total long term bank loans	<u>41,772,973</u>	<u>132,152,832</u>
Less: Current portion		
Term loan i	(190,079)	(199,266)
Term loan ii	(168,020)	(175,224)
Term loan iii	(20,833,333)	(40,000,000)
Term loan iv	(20,000,000)	(50,000,000)
Total current portion	<u>(41,191,432)</u>	<u>(90,374,490)</u>
Total non-current portion	<u>581,541</u>	<u>41,778,342</u>
Working capital loans		
Trust receipts, freight and invoice financing	111,399,720	208,244,044
Trade bills discounting	386,779,835	524,948,256
Credit facilities	105,000,000	55,000,000
	<u>603,179,555</u>	<u>788,192,300</u>
Represented as:		
Current portion:	41,191,432	90,374,490
Long term bank loans	603,179,555	788,192,300
Working capital loans	<u>644,370,987</u>	<u>878,566,790</u>
Non-current portion:		
Long term bank loans	<u>581,541</u>	<u>41,778,342</u>
Total borrowings	<u>644,952,528</u>	<u>920,345,132</u>

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

17. BORROWINGS – cont'd

Long term bank loans

a) Term loan i & ii

The company obtained two term loans from Standard Chartered Bank to finance the acquisition of the investment properties situated at 10 Anson Road #34-15 & #34-16, International Plaza, Singapore on 3 June 2008. The loans bear interest at the rate of 2% (2015: 2%) per annum above 3 Months Singapore Inter Bank Offer Rate ("SIBOR") and the loans are repayable over a period of 10 ten years. The repayments commence from 15 August 2008 and will continue until 15 August 2018. The loans are secured by first legal mortgage over the investment properties of the company (Note 9).

b) Term loan iii

The company obtained a term loan amounting to US\$250,000,000 from ICICI bank, Singapore branch on 12 August 2011. The loan bears interest at the rate of 4.1% (2015 4.03%) per annum (Margin on 3.80 % above London Inter Bank Offer Rate ("LIBOR")). The loan is repayable over a period 5 years. The repayments commence from 12 September 2011 and will continue until 12 August 2016.

c) Term loan iv

The company entered into a facility arrangement called Resettable Pre-paid Swap with Standard Chartered Bank on 30 June 2011 reference to API#4 coal price. The cap price of API#4 coal is set at US\$80/MT. During the term of the swap, if the reference swap price is below US\$80/MT, SCB pre-pays to the company a US\$ amount equal to notional quantity per calculation period at hedging swap price on the relevant prepaid amount settlement date and the company repays a US\$ amount equal to notional quantity per calculation period at floating price plus commodity linked liquidity charge. If the reference swap price is greater than or equal to US\$80/MT, SCB pre-pays to the company a US\$ amount equal to notional quantity per calculation period at cap price on the relevant prepaid amount settlement date and the company repays a US\$ amount equal to notional quantity per calculation period at cap price plus commodity linked liquidity charge.

The calculation periods are reset semi-annually, starting from 1 July 2011 to 30 June 2016. The swap covers a notional volume of 2.5 million MT. The reference swap prices at the calculation periods during the current financial year and at the end of the reporting period are greater than US\$80/MT.

Working capital loans

a) Trust receipts, freight and invoice financing

The company obtained the trust receipts, freight and invoice financing from various banks and they bear interest ranging from 1.70% to 3.43 % per annum and repayable within 7 days to 180 days.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

17. BORROWINGS – cont'd

Working capital loans – cont'd

b) Trade bills discounting

The company obtained the bill discounting facilities from various banks. The loans arise from foreign bills discounted, which are granted with right of recourse to the banks and are recognised as collateralised borrowing in the financial statements until the related assets are derecognised. The average maturity of the bills are 60 to 180 days from the invoices date and bear interest rate ranging from 1.73% to 4.36% (2015: 1.73% to 4.36%) 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) Credit facilities

The company obtained the credit facilities from various banks which bears interest at the rate ranging from 1.5% to 2.75% per annum and repayable within 32 days to 180 days.

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.

Banking borrowings are secured by cash collaterals, charge on specific receivables financed by banks and collection account held with banks.

The above borrowings are subject to loan covenants pertaining to net worth and certain financial ratios as enumerated in the credit facility agreements with the respective financial institutions.

The company regularly monitors its compliance with the financial covenants.

Borrowings are denominated in the following currencies:

	<u>2016</u> US\$	<u>2015</u> US\$
Singapore dollar	939,640	1,319,499
United States dollar	<u>644,012,888</u>	<u>919,025,633</u>
	<u>644,952,528</u>	<u>920,345,132</u>

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

18. TRADE AND OTHER PAYABLES

	<u>2016</u> US\$	<u>2015</u> US\$
Trade payables:		
- third parties	450,484,118	457,387,577
- subsidiary (Note 10)	16,332,516	9,292,090
- related companies (Note 7)	141,963,756	3,510,840
	<u>608,780,390</u>	<u>470,190,507</u>
Advances from customers	1,528,599	78,104,806
Deposit received	44,873	43,893
Accrued expenses	14,279,356	18,653,565
Other payables		
- third parties	8,713,028	7,795,198
- related companies (Note 7)	-	3,871
- subsidiary (Note 10)	6,611,955	6,972,704
Interest payables	2,037,704	2,942,804
Commodity payables	-	1,225,957
	<u>641,995,905</u>	<u>585,933,305</u>

Trade payables are non-interest bearing and are normally settled on 30 to 60 days (2015: 30 to 60 days) and import bills acceptance up to 180 days. Trade payables are principally comprising amounts outstanding for trade purchases.

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

Advances from customers refer to advance money placed by the customers in connection with future sale of goods.

Trade and other payables are denominated in the following currencies:

	<u>2016</u> US\$	<u>2015</u> US\$
United States dollar	641,924,888	585,839,140
Singapore dollar	71,017	94,165
	<u>641,995,905</u>	<u>585,933,305</u>

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

19. DERIVATIVE FINANCIAL INSTRUMENTS

<u>2016</u>	<u>Contractual Notional value US\$</u>	<u>Assets/(Liabilities) US\$</u>
Commodity swaps		
Purchases	141,383,763	4,678,963
Sales	30,940,900	(523,450)
Net position		<u>4,155,513</u>
 <u>2015</u>	 <u>Contractual Notional value US\$</u>	 <u>Assets/(Liabilities) US\$</u>
Commodity swaps		
Purchases	63,783,650	(11,374,675)
Sales	35,294,725	4,276,650
Currency Derivatives		
Purchases	24,686,568	(256,720)
Sales	1,462,821	11,703
Net position		<u>(7,343,042)</u>

The company has entered into commodity and currency derivatives to manage its exposure to price risk and forex 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/loss of **US\$4,155,513** (2015: US\$7,343,042) has been recognised in the profit and loss statement.

Derivative financial instrument is denominated in United States dollars, the functional currency of the company.

20. REVENUE

Revenue represents invoiced value of goods sold and delivered excluding goods and service tax, net returns, trade discounts and allowances.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

21. OTHER INCOME

	<u>2016</u> US\$	<u>2015</u> US\$
Operating income:		
- bad debts recovery	6,479	-
- Foreign currency exchange adjustment gain	23,507	-
- interest income from financial institutions	903,730	776,041
- interest income from third parties	6,722,483	16,149,682
	<u>7,656,199</u>	<u>16,925,723</u>
Non-operating income:		
- Insurance claim received	78,001	-
- rental income from investment property	285,307	285,740
- sundry balances written back	493,149	803,627
- wage credit scheme	-	491
- other miscellaneous income	4,229	1,709
	<u>860,686</u>	<u>1,091,567</u>
	<u>8,516,885</u>	<u>18,017,290</u>

The Wage Credit Scheme ("WCS") was introduced in 2014 as part of a three-year Transition Support Package for Businesses. The objective of the WCS is to help the companies cope with the rising wage costs and encourage companies to free up resources and to make investment in productivity investments and share the productivity gains with their employees. The Government will co-fund 40% of the wage increase given to Singaporean employees earning a gross monthly wage of S\$4,000 and below. WCS is computed based on monthly CPF contribution made by the employer for their employees for the qualifying years of 2014, 2014 and 2015.

22. FINANCE COSTS

	<u>2016</u> US\$	<u>2015</u> US\$
Interest on loans	5,939,294	10,444,557
Interest on bill discounting and trust receipt	19,650,821	13,364,783
Bank charges and commission	4,502,361	2,813,144
L/C charges	3,941,397	2,535,678
Finance charges	1,150,566	3,196,347
	<u>35,184,439</u>	<u>32,354,509</u>

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

23. INCOME TAX

	<u>2016</u> US\$	<u>2015</u> US\$
Current tax:		
Provision for current year	5,000,000	10,000,000
(Over)/under provision of income tax in prior years	<u>(411,219)</u>	<u>168,485</u>
	<u>4,588,781</u>	<u>10,168,485</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% (2015: 17% and 5%) to profit before income tax as a result of the following differences:

	<u>2016</u> US\$	<u>2015</u> US\$
Profit before income tax	<u>93,740,921</u>	<u>180,680,350</u>
Income tax expense calculated at 17%	15,935,957	30,715,659
Tax effects of:		
- GTP tax concessions	(10,949,003)	(20,855,179)
- non-deductible items	32,351	158,443
- partial tax exemptions	<u>(19,305)</u>	<u>(18,923)</u>
	5,000,000	10,000,000
(Over)/under provision of income tax in prior years	<u>(411,219)</u>	<u>168,485</u>
	<u>4,588,781</u>	<u>10,168,485</u>

On 1 April 2013, 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 2013, with a possible extension for further periods.

The non-qualifying income under GTP is taxed under the standard Singapore Income Tax rate of 17% (2015:17%).

Movement in income tax payables

	<u>2016</u> US\$	<u>2015</u> US\$
Balance at beginning of year	10,411,219	11,200,000
Income tax paid	(9,101,295)	(10,957,266)
Income tax expenses	<u>4,588,781</u>	<u>10,168,485</u>
Balance at end of year	<u>5,898,705</u>	<u>10,411,219</u>

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

24. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	<u>2016</u> US\$	<u>2015</u> US\$
Employee benefit expenses (including director's emoluments)	5,684,330	5,666,643
Cost of defined contribution plans included in employee benefits	69,795	90,302
Legal and professional fees	4,305,477	2,833,849
Bad debts expenses	1,913,004	-
Provision for doubtful debts	3,078	-
	<u>12,075,684</u>	<u>8,590,794</u>

25. CONTINGENT LIABILITIES

	<u>2016</u> US\$	<u>2015</u> US\$
Financial support given to those subsidiaries having:		
- deficiencies in shareholders' funds	7,419,243	4,651,516
- current liabilities in excess of current assets*	66,925,864	65,683,068
	<u>74,345,107</u>	<u>70,334,584</u>

*Current liabilities in excess of current assets include balances due to Adani Global Pte Ltd amounting to US\$ 60,444,707.

26. COMMITMENTS

	<u>2016</u> US\$	<u>2015</u> US\$
Performance guarantee	112,693,194	93,635,798
Letters of credit	126,853,584	147,329,062
	<u>239,546,778</u>	<u>240,964,860</u>

- (a) The company has given a guarantee to its subsidiary, PT Adani Global, Indonesia for a medium term loan from PNC Bank, National Association ("PNC Bank") for total sanction amount of US\$8.067 million for financing of the purchase of one Joy Mining Continuous Miner with related equipment. At end of the reporting period the subsidiary has an outstanding liability of US\$ 1.218 million (2015: US\$1.705 million) with the above financial institution. No recognition for the fair value of the financial guarantee is made in the financial statements, as the company considers that is more likely that no amount will be payable under the arrangement.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

27. OPERATING LEASE COMMITMENTS

The company as lessor

	<u>2016</u> US\$	<u>2015</u> US\$
Minimum lease receipts under operating lease recognised as an income in the year	<u>285,307</u>	<u>285,740</u>
As at the end of the reporting period, future minimum lease receivable under non-cancellable operating leases is as follows:		
	<u>2016</u> US\$	<u>2015</u> US\$
Within one year	190,897	305,319
In the second to fifth years inclusive	-	202,317
	<u>190,897</u>	<u>507,636</u>

The company rents out its investment property to a non-related party under operating lease (Note 9).

The company as lessee

	<u>2016</u> US\$	<u>2015</u> US\$
Minimum lease payments under operating lease recognised as an expense in the year	<u>443,032</u>	<u>442,699</u>
As at the end of the reporting period, the commitments in respect of operating lease were as follows:		
	<u>2016</u> US\$	<u>2015</u> US\$
Within one year	503,540	154,466
In the second to fifth years inclusive	671,387	-
	<u>1,174,927</u>	<u>154,466</u>

The company has operating lease agreement for staff accommodation. Lease terms do not contain restrictions on the company's activities concerning dividends, additional debts or further leasing.

28. OTHER MATTERS

- 1) The company is a defendant in a law suit (Suit 431 of 2015) in the Singapore High Court brought about by a Sparkling Commodities Pte Ltd (the plaintiff), where the plaintiff is alleging that the company had not abided by an agreement between the plaintiff and the company in relation to trade documents. The plaintiff also alleges malfeasance by the company into the business of the plaintiff causing loss to the plaintiff's business. The plaintiff is claiming a sum of US\$ 2,892,793. The company has refuted the claims as groundless and is defending itself in the Singapore High Court.

Based on the opinion of the company's legal counsel, the directors of the company believe, there are strong merits in the company's claim and the ultimate outcome of the claim would not materially harm the company's financial position.

ADANI GLOBAL PTE LTD

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

28. OTHER MATTERS – cont'd

- 2) In 2005, the company entered in to sales contract with a customer, SPS Steel & Power Ltd ("SPS") a company incorporated in India for supply of 250,000 Metric tonnes of Steam – Coal (Non –coking) in bulk. Accordingly, on 28 September 2005 the company supplied 54,548 Metric Tonnes of coal to SPS, which SPS refuted on the grounds of quality of coal supplied to them and demand the company pay Rs 34,659,240 as compensation for difference in quality of coal supplied. However, the company refuted the claim from SPS and stated that the company supplied the coal in accordance with the specification as agreed in the sales contract. SPS reiterated its stand and refused to accept the delivery of balance 195,452 Metric Tonnes of coal from the company.

The company invoked the arbitration consequently the dispute was referred to an Arbitration Tribunal and the company submitted its statement of claim for a total sum of Rs 366,915,847 (equivalent to approximately US\$ 5,533,746) for quantum of price difference, loss on account of distress with interest thereon computed at the rate of 18% per annum for the said amount from 15 November 2005 until the date of payment together with legal cost. SPS also submitted its counter claim for a total sum of Rs 34,659,240 (equivalent to approximately US\$ 522,723) for quantum of loss on poor quality of coal supplied and with interest thereon computed at the rate of 18% per annum from 29 September 2005 till the date of payment together with legal costs.

The arbitration proceedings were halted due to one of the presiding arbitrators withdrawing himself from the arbitral proceedings, while the arbitration reached the final stage of hearing of final arguments. The Supreme Court of India appointed a presiding arbitrator upon the request of the company and SPS to resume the tribunal. A preliminary meeting was held in the arbitration tribunal on 3 May 2016 to schedule a date for hearing of final arguments of the company on 5 September 2016 and on 22, 23 and 24 September 2016 tentatively for SPS.

Based on the opinion of the company's legal counsel, the directors of the company believe, there are strong merits in the company's claim and the ultimate outcome of the claim would not materially harm the company's financial position.

It is premature to make determination whether the claim can be regarded as a contingent liability and, therefore no provision has been made in the financial statements. The related effects of this arbitration award including legal costs, if any, will be recognised in the financial statements of the future period when the eventual outcome is determined.

29. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature has arisen in the interval between the end of the reporting period and the date of this report which is 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 2016

	<u>2016</u> US\$	<u>2015</u> US\$
Sales	3,485,238,954	3,648,449,037
Less: Cost of goods sold		
Opening inventories	39,607,943	7,366,240
Purchases	2,823,839,216	2,999,892,591
Freight & material handling	498,712,739	470,926,724
	3,362,159,898	3,478,185,555
Less: Closing inventories	(15,037,265)	(39,607,943)
	<u>(3,347,122,633)</u>	<u>(3,438,577,612)</u>
Gross profit	138,116,321	209,871,425
Add: Other income		
Operating income		
Bad debts recovery	6,479	-
Foreign currency exchange adjustment gain	23,507	-
Interest income from financial institutions	903,730	776,041
Interest income from third parties	6,722,483	16,149,682
Non-operating income		
Insurance claim received	78,001	-
Rental income from investment property	285,307	285,740
Sundry balances written back	493,149	803,627
Wage credit scheme	-	491
Other miscellaneous receipts	4,229	1,709
	<u>8,516,885</u>	<u>18,017,290</u>
	146,633,206	227,888,715
Less: Operating expenses		
- Schedule 'A'	51,741,719	44,012,018
Non-operating expenses		
- Finance cost	1,150,566	3,196,347
	<u>(52,892,285)</u>	<u>(47,208,365)</u>
Profit before income tax	<u>93,740,921</u>	<u>180,680,350</u>

ADANI GLOBAL PTE LTD

Schedule 'A'

OPERATING EXPENSES

FOR THE YEAR ENDED 31 MARCH 2016

	<u>2016</u> US\$	<u>2015</u> US\$
Marketing and distribution expenses		
Brokerage and commission	2,991,498	2,452,028
Business promotion expenses	20,844	125,027
Entertainment expenses	53,929	52,892
Insurance	672,525	1,345,094
Administrative expenses		
Auditors' remuneration	65,000	50,000
Communication	103,808	69,111
Directors remuneration	1,750,018	1,848,478
Directors CPF	10,246	3,315
Donations	10,647	-
Electricity expenses	23,618	24,767
Insurance	2,758	2,183
Legal and Professional fees	4,305,477	2,833,849
Office expenses	401,345	116,168
Postage and courier	22,802	15,159
Printing and stationery	29,630	21,760
Property tax	26,036	24,181
Repairs and maintenance	86,540	42,367
Rental of office building	467,316	409,374
Rental for staff accommodation	92,145	73,713
Subscription & membership fee	68,174	122,941
Staff salaries	3,397,064	3,590,837
Staff CPF	59,549	86,987
Staff medical and welfare expenses	375,308	137,026
Travelling expenses	573,618	376,636
Finance costs		
Interest on loans	5,939,294	10,444,557
Interest on bill discounting and trust receipt	18,108,748	12,957,959
Bank charges and commission	4,502,361	2,813,144
L/C charges	3,941,397	2,535,678
Other interest	1,542,073	406,824
Other expenses		
Bad debts expenses	1,913,004	-
Depreciation of property, plant and equipment	101,261	109,691
Depreciation of investment property	80,608	80,608
Foreign exchange adjustment loss	-	839,664
Provision for doubtful debts	3,078	-
	<u>51,741,719</u>	<u>44,012,018</u>

