

# **ADANI GLOBAL FZE**

**Financial statements and reports  
Year ended 31 March 2016**

# ADANI GLOBAL FZE

Financial statements and reports  
Year ended 31 March 2016

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## INDEPENDENT AUDITOR'S REPORT

**The Shareholder**  
**ADANI GLOBAL FZE**

### **Report on the financial statements**

We have audited the accompanying financial statements of **ADANI GLOBAL FZE**, which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 4 to 28.

### ***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 International Financial Reporting Standards, and for their compliance with the applicable provisions of Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International 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 the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 control relevant to the entity's preparation of the financial statements that give 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.

*continued...*

**INDEPENDENT AUDITOR'S REPORT**

(continued)

***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of **ADANI GLOBAL FZE** as at 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on other legal and regulatory requirements**

We further confirm that the financial statements comply with Implementing Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said regulation.



**PKF**

Dubai

United Arab Emirates

2 May 2016

# ADANI GLOBAL FZE

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016 AED '000	2015 AED '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	3,841	6,306
Investment property	7	901	2,723
Non-current financial assets	8	2,256	3,504
		<u>6,998</u>	<u>12,533</u>
<b>Current assets</b>			
Inventories	9	35,297	15,912
Trade and other receivables	10	1,361,806	1,365,886
Amounts due from related parties	11	1,880,775	1,357,463
Other current financial assets	12	68,350	65,544
Cash and cash equivalents	13	53,750	22,252
		<u>3,399,978</u>	<u>2,827,057</u>
<b>Total assets</b>		<u><b>3,406,976</b></u>	<u><b>2,839,590</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity funds</b>			
Share capital	14	18,000	18,000
Retained earnings		2,201,632	2,158,967
		<u>2,219,632</u>	<u>2,176,967</u>
<b>Non-current liabilities</b>			
Long term borrowings	15	14	47
Provision for staff end-of-service benefits	16	772	836
		<u>786</u>	<u>883</u>
<b>Current liabilities</b>			
Short term borrowings	17	605,373	496,055
Trade and other payables	18	581,185	164,752
Other current financial liability	19	--	933
		<u>1,186,558</u>	<u>661,740</u>
<b>Total liabilities</b>		<u><b>1,187,344</b></u>	<u><b>662,623</b></u>
<b>Total equity and liabilities</b>		<u><b>3,406,976</b></u>	<u><b>2,839,590</b></u>

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

The report of the independent auditor is set forth on pages 2 and 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgements underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Authorised for issue by the directors on 28 April 2016.

For ADANI GLOBAL FZE

*Pranav S. Varma*

DIRECTOR



# ADANI GLOBAL FZE

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 AED '000	2015 AED '000
Revenue		2,955,747	2,118,427
Purchases of inventory		(2,880,962)	(1,986,726)
Changes in inventories		19,385	7,960
Gross profit		94,170	139,661
Other operating income	22	8,484	5,136
Staff costs	23	(7,450)	(8,436)
Depreciation	24	(3,121)	(3,534)
Other operating expenses	25	(19,705)	(14,360)
Interest income	26	683	647
Finance costs	27	(30,333)	(20,359)
Changes in fair value of held for trading financial assets (net)		120	(933)
<b>PROFIT FOR THE YEAR</b>		<b>42,848</b>	<b>97,822</b>
<b>Other comprehensive income:</b>			
Other comprehensive income for the year		--	--
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>42,848</b>	<b>97,822</b>

The accompanying notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on pages 2 and 3.

## ADANI GLOBAL FZE

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Share capital	Retained earnings	Total
	AED '000	AED '000	AED '000
Balance at 1 April 2014	18,000	2,061,145	2,079,145
Total comprehensive income for the year	--	97,822	97,822
Balance at 31 March 2015	18,000	2,158,967	2,176,967
Dividend paid during the year (note 20)	--	(183)	(183)
Total comprehensive income for the year	--	42,848	42,848
Balance at 31 March 2016	<b>18,000</b>	<b>2,201,632</b>	<b>2,219,632</b>

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

The report of the independent auditor is set forth on pages 2 and 3.

# ADANI GLOBAL FZE

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	2016 AED '000	2015 AED '000
<b>Cash flows from operating activities</b>		
Profit for the year	42,848	97,822
Adjustments for:		
Depreciation of property, plant and equipment	2,522	2,935
Depreciation on investment property	599	599
Profit on disposals of property, plant and equipment	--	(4,284)
Profit on disposal of investment property	(7,917)	--
Interest income	(683)	(647)
Finance costs	30,333	20,359
Provision for end-of-service benefits	248	286
Changes in fair value of held for trading financial assets	(120)	933
	<u>67,830</u>	<u>118,003</u>
Increase in inventories	(19,385)	(7,960)
Decrease in trade and other receivables	4,211	511,941
Increase in trade and other payables	413,206	129,903
(Decrease)/ increase in derivative financial assets/liabilities	(4,613)	933
Staff end-of service benefits paid	(312)	(164)
Cash generated from operations	<u>460,937</u>	<u>752,656</u>
Interest paid	(27,106)	(20,705)
Net cash from operating activities	<u>433,831</u>	<u>731,951</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(57)	(1,656)
Proceeds on disposals of property, plant and equipment	--	4,322
Proceeds on disposal of investment property	9,140	--
Decrease in non-current financial assets	1,260	524
Decrease/(increase) in current financial assets (net)	994	(7,767)
Interest received	540	638
Payments to related parties (net)	(523,312)	(770,700)
Net cash used in investing activities	<u>(511,435)</u>	<u>(774,639)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(183)	--
Proceeds from/ (payments of) trust receipts (net)	109,353	(21,618)
Payments of acceptances (net)	--	(4,164)
Payments of vehicle loans (net)	(68)	(91)
Net cash from/ (used in) financing activities	<u>109,102</u>	<u>(25,873)</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<u>31,498</u>	<u>(68,561)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>22,252</u>	<u>90,813</u>
<b>Cash and cash equivalents at end of year (note 13)</b>	<u>53,750</u>	<u>22,252</u>

The accompanying notes form an integral part of these financial statements.  
The report of the independent auditor is set forth on pages 2 and 3.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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### 1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **ADANI GLOBAL FZE** is registered as a Free Zone Establishment in Jebel Ali Free Zone, United Arab Emirates. The establishment was incorporated on 22 November 1997 with limited liability pursuant to Law No. 9 of 1992 and the Implementing Regulations No. 1/92 issued by Jebel Ali Free Zone Authority. The registered office is P. O. Box 17186, Dubai, UAE.
- b) The establishment has obtained a branch license for operating a branch at Dubai Multi Commodities Centre. The income, expenses, assets and liabilities of this branch are included in these financial statements.
- c) The establishment is a wholly owned subsidiary of Adani Global Limited (the "parent company"), a private company incorporated in Mauritius. Adani Enterprises Limited, India, a public limited company is the "ultimate parent company".
- d) The establishment has a general trading licence and it principally trades in metal scrap, metal finished products, coal, petroleum products and agro-commodities.

### 2. BASIS OF PREPARATION

#### a) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2015, and the requirements of Implementing Regulations issued by the Jebel Ali Free Zone Authority.

#### b) **Basis of measurement**

The financial statements are prepared using historical cost.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

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.

#### c) **Adoption of new International Financial Reporting Standards**

*Standards and interpretations effective for the current year*

The International Financial Reporting Standards, amendments thereto and interpretations that became effective for the current reporting period and which are applicable to the establishment are as follows:

- Annual Improvements 2010–2012 Cycle
  - IFRS 13: Fair value measurement: Short-term receivables and payables  
The amendment to IFRS 13 clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the establishment.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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- IAS 24: Related Party Disclosures: Key management personnel  
Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- Annual Improvements 2011–2013 Cycle
  - IFRS 13: Fair Value Measurement: Scope of paragraph 52 (portfolio exception)  
Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
  - IAS 40: Investment Property: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property  
Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 *Business Combinations* and investment property as defined in IAS 40 *Investment Property* requires the separate application of both standards independently of each other.

### New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 16: Property, Plant and Equipment: 'Clarification of Acceptable Methods of Depreciation (1 January 2016)  
The amendments provide additional guidance on how the depreciation of property, plant and equipment should be calculated. The amendments to IAS 16 prohibit entities from using a revenue based depreciation method for items of property, plant and equipment. This presumption can only be rebutted in very limited circumstances.
- Amendments to IAS 1 Disclosure Initiative (1 January 2016)  
The amendments to IAS 1 Presentation of Financial Statements clarify existing IAS 1 requirements in relation to :
  - The materiality requirements in IAS 1.
  - That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated.
  - That entities have flexibility as to the order in which they present the notes to financial statements.
  - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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- **IFRS 9: Financial instruments: (1 January 2018)**  
IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.
  
- **IFRS 15: Revenue from Contracts with Customers (1 January 2018)**  
The International Accounting Standard Board (IASB) has published its new revenue Standard, IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.
  
- **IFRS 16: Leases (1 January 2019)**  
IFRS 16 introduces a number of significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. The standard however, does not require an entity to recognise assets and liabilities for a) Short-term leases (for a period of twelve months or less) and b) Leases of low value assets.

d) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the establishment's functional currency and the amounts presented are rounded to the nearest thousand, unless otherwise stated.

4. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Office units and residential apartments	6 – 7 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	3 years

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the establishment and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the establishment recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

### b) **Investment property**

Freehold land and residential apartment acquired for the purpose of earning rental income and/ or capital appreciation are classified as investment property and are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated using the straight-line method over the expected useful lives of the properties of 6 - 7 years. Freehold land is not depreciated.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

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

### c) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charges less discounts. Net realizable value is based on estimated selling price less any estimated cost of disposal.

### d) **Staff end-of-service benefits**

Provision is made for end-of-service benefits payable to non-UAE national employees at the reporting date in accordance with the local labour laws.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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e) **Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the establishment and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

***Sale of goods***

The sales are high sea sales, i.e. the supplier ships goods directly to the customers. Revenue is recognised when significant risks and rewards relating to the ownership of goods concerned are transferred to the customer and is based on amount invoiced to customers for high sea sales made during the year.

f) **Rental income**

Rent received from renting of properties during the year is based on contractual agreements and is accounted on accrual basis. Rent received in advance for future periods is carried forward and included in current liabilities.

g) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

h) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

i) **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset upto the date the qualifying asset is ready for use.

j) **Provisions**

A provision is recognised when the establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

### k) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

### **Derivative financial instruments**

Derivative financial instruments to hedge commodity forward contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of the hedge relationship the establishment documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the establishment documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the market risk in an unrecognised firm commitment.

### **Financial assets**

#### *Financial assets at fair value through profit or loss*

Investments in financial instruments in which the entity actively trades are classified as held for trading and are stated at fair value by reference to quoted market prices. Changes in fair value are recognised in profit or loss.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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### ***Loans and receivables***

#### *Non-current receivables*

Non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise non-current loans receivable are classified as loans and receivables and stated at amortised cost using the effective interest method.

#### *Trade and other receivables*

Trade and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

#### *Related party receivables*

Related party receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts.

#### *Other current financial assets*

Other current financial assets which comprise deposits under encumbrance and deposits with a maturity date of more than three months from the date of deposit are classified as loans and receivables and stated at amortised cost using the effective interest method.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash, bank current accounts and call deposits.

### ***Financial liabilities***

#### ***At amortised cost***

##### *Trade and other payables*

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

##### *Interest-bearing liabilities*

Interest-bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequently these are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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### ***Equity***

Equity instruments issued by the establishment are recorded at the value of proceeds received towards interest in share capital of the establishment.

### ***Impairment of financial assets***

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

### ***Offsetting***

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

### **i) Fair value measurement**

The establishment measures financial instruments, such as financial assets at fair value through profit or loss, at fair value at each reporting date. The establishment also discloses the fair value of financial instruments measured at amortised cost.

The 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The establishment uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In addition, the fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and significance of the inputs to the fair value measurement in its entirety, which are described as follows:

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 4. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

##### **Investment property**

Freehold property is classified as investment property only if an insignificant portion of the useable space is used by the establishment for its own activities.

Investment property is stated using the cost model.

##### **Classification of investments**

Management decides on acquisition of an investment whether it should be classified as held-for-trading or as available-for-sale or as held-to-maturity based on management's intentions relating to those investments. The management classifies investments as held for trading if they are acquired primarily for the purpose of making short term gains through trading. Investments are designated as available-for-sale if management has the positive intention and ability to hold them to gain from capital appreciation and to earn dividend income. Investments are designated as held-to-maturity, if management has the positive intention and ability to hold them till their maturity.

##### **Investments in quoted instruments**

Investments in quoted instruments are recognised on the trade date, as this is the date on which an asset or a liability to pay arises.

##### **Impairment**

At each reporting date, management conducts an assessment of property, plant and equipment, investment property and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

### 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

#### **Carrying values of property, plant and equipment and investment property**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

#### **Inventory provisions**

Management regularly undertakes a review of the establishment's inventory, stated at AED 35,297,380 (previous year AED 15,912,125) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

#### **Impairment of loans and receivables**

Management regularly undertakes a review of the amounts of loans and receivables owed to the establishment either from third parties (see note 10) or from related parties (see note 11) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

#### **Impairment**

Assessments of net recoverable amounts of property, plant and equipment, investment property and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

#### **Staff end-of-service benefits**

The establishment computes the provision for the liability to staff end-of-service benefits stated at AED 771,814 (previous year AED 836,599), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 6. PROPERTY, PLANT AND EQUIPMENT

	Office units and residential apartments <sup>(a)</sup>	Furniture, fixtures and office equipment	Motor vehicles <sup>(b)</sup>	Total
	AED '000	AED '000	AED '000	AED '000
<b>Cost</b>				
At 1 April 2014	7,411	9,388	1,464	18,263
Additions	--	639	1,017	1,656
Disposals	(885)	--	(467)	(1,352)
At 31 March 2015	6,526	10,027	2,014	18,567
Additions	--	57	--	57
At 31 March 2016	<b>6,526</b>	<b>10,084</b>	<b>2,014</b>	<b>18,624</b>
<b>Accumulated depreciation</b>				
At 1 April 2014	4,991	4,601	1,048	10,640
Depreciation	897	1,559	479	2,935
Adjustment on disposals	(885)	--	(429)	(1,314)
At 31 March 2015	5,003	6,160	1,098	12,261
Depreciation	549	1,568	405	2,522
At 31 March 2016	<b>5,552</b>	<b>7,728</b>	<b>1,503</b>	<b>14,783</b>
<b>Carrying amount</b>				
At 1 April 2014	2,420	4,787	416	7,623
At 31 March 2015	1,523	3,867	916	6,306
At 31 March 2016	<b>974</b>	<b>2,356</b>	<b>511</b>	<b>3,841</b>

a) Office units and apartments include:

- Eight units of residential apartments with cost AED 3,510,000 and net book value AED 135,553 (previous year AED 3,510,000 and AED 232,574 respectively) in the International City, Dubai.
- Four office units with cost AED 3,015,880 and net book value AED 837,104 (previous year AED 3,015,880 and AED 1,289,486 respectively) in Jumeirah Business Center - 5, Dubai.

b) Vehicles with cost of AED 165,000 and carrying amount of AED Nil (previous year AED 405,000 and AED 20,090 respectively) provide security for vehicle loans.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 7. INVESTMENT PROPERTY

	Freehold land <sup>(a)</sup> AED '000	Residential apartment <sup>(b)</sup> AED '000	Total AED '000
<b>Cost</b>			
At 1 April 2014 and 31 March 2015	1,223	3,992	5,215
Disposals	(1,223)	--	(1,223)
At 31 March 2016	<u>--</u>	<u>3,992</u>	<u>3,992</u>
<b>Accumulated depreciation</b>			
At 1 April 2014	--	1,893	1,893
Depreciation	--	599	599
At 31 March 2015	--	2,492	2,492
Depreciation	--	599	599
At 31 March 2016	<u>--</u>	<u>3,091</u>	<u>3,091</u>
<b>Carrying amount</b>			
At 1 April 2014	1,223	2,099	3,322
At 31 March 2015	1,223	1,500	2,723
At 31 March 2016	<u>--</u>	<u>901</u>	<u>901</u>

- a) Freehold land at Al Barsha South Fourth, Dubai was registered in the name of a third party and held in trust on behalf of the establishment is disposed during the current year.
- b) Residential apartment represents penthouse at Zen Tower, Dubai Marina, Dubai.

	2016 AED '000	2015 AED '000
<b>8. NON-CURRENT FINANCIAL ASSETS</b>		
Total loan	2,820	4,080
Less: classified as short term (note 10)	(564)	(576)
	<u>2,256</u>	<u>3,504</u>

This represents interest free long term loan. The loan shall be settled as per agreed terms of repayment between the parties.

<b>9. INVENTORIES</b>		
Goods held for sale	<u>35,297</u>	<u>15,912</u>

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 AED '000	2015 AED '000
<b>10. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	1,323,213	1,327,941
Advances to suppliers	27,861	19,509
Advances to directors	5,798	5,466
Other advances	425	549
Accrued interest	337	194
Prepayments	1,025	1,311
Deposits	231	124
Loan to a third party (note 8)	564	576
Other receivables	2,352	10,216
	<u>1,361,806</u>	<u>1,365,886</u>

An age analysis of trade receivables that are past due but not impaired is as follows:

0 – 60 days	69,924	70,016
61 – 180 days	106,608	349,219
Over 180 days	1,370	80,929
	<u>1,145,311</u>	<u>827,777</u>
Trade receivables not past due and not impaired		
	<u>1,145,311</u>	<u>827,777</u>

As at the reporting date, there are no trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery (previous year AED Nil).

All significant trade receivable balances are secured by way of undated security cheques given by the customers in favour of the establishment.

### 11. RELATED PARTIES

The establishment enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise parent company, ultimate parent company, fellow subsidiaries, directors and relatives of director.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

At the reporting date significant balances with related parties were as follows:

	Parent company AED '000	Fellow subsidiaries AED '000	Directors AED '000	Relatives of director AED '000	Total 2016 AED '000	Total 2015 AED '000
Included in trade and other receivables	--	668,372	5,798	--	674,170	--
	--	15,190	5,466	--	--	20,656
Included in trade and other payables	--	405	--	--	405	--
Due from related parties	164,295	1,709,783	--	6,697	1,880,775	--
	--	1,357,463	--	--	--	1,357,463
Guarantees given	--	--	--	--	--	--
	--	550,500	--	--	--	550,500

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 28.

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

	Ultimate parent company AED '000	Parent company AED '000	Fellow subsidiaries AED '000	Directors AED '000	Total 2016 AED '000	Total 2015 AED '000
Sales	62,805	--	1,675,065	--	1,737,870	--
	--	--	132,068	--	--	132,068
Purchases	--	--	139,918	--	139,918	--
	--	--	60	--	--	60
Remuneration and expenses	--	--	--	2,677	2,677	--
	--	--	--	2,447	--	2,447
Dividend paid	--	183	--	--	183	--
	--	--	--	2,447	--	2,447

The establishment also provides funds to/receives funds from related parties free of interest as and when required. Corporate guarantees are received from parent company in relation to facilities availed from banks.

	2016 AED '000	2015 AED '000
<b>12. OTHER CURRENT FINANCIAL ASSETS</b>		
Fixed deposits	37,484	45,477
Margin deposits	27,066	20,067
Derivative financial instruments	3,800	--
	<u>68,350</u>	<u>65,544</u>

Fixed deposits and margin deposits are held under lien with banks as security for bank facilities availed (note 17) and letters of guarantee issued (note 31).

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 AED '000	2015 AED '000
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	21	42
Bank balances:		
Current accounts	53,525	22,079
Call deposits	204	131
	<u>53,750</u>	<u>22,252</u>
<b>14. SHARE CAPITAL</b>		
<b>Issued and paid up</b>		
18 fully paid shares of AED 1,000,000 each held by Adani Global Limited, Mauritius.	<u>18,000</u>	<u>18,000</u>
<b>15. LONG TERM BORROWINGS</b>		
Vehicle loans from Emirates NBD	47	115
Less: Current portion (note 17)	(33)	(68)
	<u>14</u>	<u>47</u>
<p>Vehicle loans are secured upon the related vehicles having a cost of AED 165,000 and carrying amount of AED Nil (previous year AED 405,000 and AED 20,090 respectively).</p>		
<b>16. PROVISION FOR STAFF END-OF-SERVICE BENEFITS</b>		
Opening balance	836	714
Provision for the year	248	286
Paid during the year	(312)	(164)
Closing balance	<u>772</u>	<u>836</u>
<b>17. SHORT TERM BORROWINGS</b>		
Trust receipts	605,340	495,987
Current portion of vehicle loans (note 15)	33	68
	<u>605,373</u>	<u>496,055</u>

An analysis by bank of amounts outstanding is as follows:

First Gulf Bank	136,205	34,968
Axis Bank Ltd	61,827	187,700
United Bank Limited	148,910	76,429
Bank of Baroda	--	34,003
Habib Bank	28,401	--
Emirates NBD	67,868	8,273
Punjab National Bank	54,973	49,656
Banque de Commerce et de Placements	107,189	105,026
	<u>605,373</u>	<u>496,055</u>

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Bank borrowings are subject to financial covenants as agreed with individual lending banks and are secured by way of:

- Personal guarantees of directors
- Corporate guarantee from the parent company
- Cash margin against facilities
- Assignment of receivables
- Undated security cheques

A maturity analysis of total bank borrowings is as follows:

	2016	2015
	AED '000	AED '000
0 – 1 month	207,395	69,848
1 – 3 months	227,930	426,162
3 months – 1 year	170,048	45
Presented as current liabilities (note 17)	605,373	496,055
1 year – 5 years (note 15)	14	47
Total	605,387	496,102

### 18. TRADE AND OTHER PAYABLES

Trade payables	392,092	162,327
Accruals	1,314	992
Interest accrued	3,797	570
Advances from customers <sup>(a)</sup>	183,965	844
Rental advances and deposits	17	19
	581,185	164,752

- (a) These include AED 183,901,323 (previous year AED Nil) towards advance received for contracts entered by the establishment for supply of material at a future date (refer note 29).

The entire trade and other payables are due for settlement within one year.

### 19. OTHER CURRENT FINANCIAL LIABILITY

Derivative financial instruments	---	933
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### 20. DIVIDENDS

Dividends paid and approved by the directors during the year of AED 183,317 (previous year AED Nil) represent a dividend per share of AED 10,184 each (previous year AED Nil).

### 21. MANAGEMENT OF CAPITAL

The establishment's objectives when managing capital are to ensure that the establishment continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Capital comprises equity funds as presented in the statement of financial position together with amounts due from related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The establishment is subject to externally imposed capital requirements as per the provisions of the Implementing Regulation No. 1/92 issued by Jebel Ali Free Zone Authority and the bank facilities availed. The establishment has complied with all the capital requirements to which it is subject.

Funds generated from internal accruals net of funds provided to related parties are retained in the business, to limit bank borrowings as per the terms and conditions agreed with the banks and according to the business requirements and maintain capital at desired levels.

	2016 AED '000	2015 AED '000
<b>22. OTHER OPERATING INCOME</b>		
Profit on disposals of property, plant and equipment.(net)	--	4,284
Profit on disposal of investment property	7,917	--
Credit balances written back	--	396
Rental income	479	438
Other income	88	18
	<u>8,484</u>	<u>5,136</u>
<b>23. STAFF COSTS</b>		
Staff salaries and benefits	7,202	8,150
Staff end-of-service benefits	248	286
	<u>7,450</u>	<u>8,436</u>
<b>24. DEPRECIATION</b>		
On property, plant and equipment (note 6)	2,522	2,935
On investment property (note 7)	599	599
	<u>3,121</u>	<u>3,534</u>
<b>25. OTHER OPERATING EXPENSES</b>		
Operating lease expenses	179	224
Directors' remuneration	2,561	2,401
Commission to agents	574	429
Professional fees	6,241	5,183
Penalty for breach of contract	1,768	--
Net exchange loss	810	229
Other expenses	7,572	5,894
	<u>19,705</u>	<u>14,360</u>

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2016 AED '000	2015 AED '000
<b>26. INTEREST INCOME</b>		
On bank deposits	661	488
On customer balances	22	159
	<u>683</u>	<u>647</u>
<b>27. FINANCE COSTS</b>		
On bank borrowings	22,727	16,273
Bank charges	7,606	4,086
	<u>30,333</u>	<u>20,359</u>

### 28. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		At fair value through profit or loss		At amortised cost	
	2016 AED 000's	2015 AED 000's	2016 AED 000's	2015 AED 000's	2016 AED 000's	2015 AED 000's
Non-current financial assets	2,256	3,504	--	--	--	--
Trade and other receivables	1,332,920	1,345,066	--	--	--	--
Amounts due from related parties	1,880,775	1,357,463	--	--	--	--
Other current financial assets	64,550	65,544	3,800	--	--	--
Cash and cash equivalents	53,750	22,252	--	--	--	--
Long term borrowings	--	--	--	--	14	47
Short term borrowings	--	--	--	--	605,373	496,055
Trade and other payables	--	--	--	--	396,981	163,905
Other current financial liability	--	--	--	(933)	--	--
	<u>3,334,251</u>	<u>2,793,829</u>	<u>3,800</u>	<u>(933)</u>	<u>1,002,368</u>	<u>660,007</u>

### Management of risks

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risk, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the establishment's credit risk management, where it is considered necessary, such receivables are covered by bank guarantees in favour of the establishment, issued by high credit quality financial institutions and undated security cheques.

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

The establishment buys goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US Dollars to which the UAE Dirham is pegged.

Borrowing facilities are regularly reviewed to ensure that the establishment obtains the best available pricing, terms and conditions on its borrowings.

Exposures to the aforementioned risks are detailed below:

### **Credit risks**

Financial assets that potentially expose the establishment to concentrations of credit risk comprise principally non-current loans receivables, bank accounts, bank deposits, trade and other receivables and amounts due from related parties.

The establishment's bank accounts and bank deposits are placed with high credit quality financial institutions.

Non-current loans, amounts due from related parties, trade and other receivables are stated net of the allowance for doubtful recoveries in aggregate at AED 3,215,949,804 (previous year AED 2,706,032,970). At the reporting date 98% of such receivables were due from eight parties situated in India, Singapore, Australia, Mauritius and UAE (previous year 99% due from five parties situated in India, Singapore, Australia, British Virgin Island and UAE).

Significant concentration of credit risk by industry are as follows:

	2016 AED`000	2015 AED`000
Coal	1,233,733	1,294,967
Scrap metal and steel	89,479	32,973

At the reporting date, the establishment's bank balances with banks outside UAE are as follows:

European countries	107	107
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# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed except for the following:

	2016 AED`000	2015 AED`000
<b>Other receivables</b>		
- Australian Dollars	564	576
<b>Trade payables</b>		
- Pound Sterling	42	--
<b>Non-current financial assets</b>		
- Australian Dollars	2,256	3,504

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

### Interest rate risk

The establishment's deposits with banks, certain trade receivables balances and vehicle loans are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk. Bank borrowings are subject to floating interest rates at levels which are fixed to LIBOR/EIBOR and are therefore exposed to cash flow interest rate risk.

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 5,369,496 higher or lower (previous year AED 4,299,664) resulting in equity being lower or higher by such amount.

### Fair values

The 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. The fair values of the establishment's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values except for long term loan to a third party which due to its terms, has fair value lower than its carrying value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

	Level 1		Level 2		Level 3		Total	
	2016 AED`000	2015 AED`000	2016 AED`000	2015 AED`000	2016 AED`000	2015 AED`000	2016 AED`000	2015 AED`000
Derivative financial instruments	3,800	(933)	--	--	--	--	3,800	(933)

# ADANI GLOBAL FZE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 29. SUPPLY COMMITMENTS

The establishment has entered into contracts with a customer for supply of crude palm oil for a value of AED 91,566,500 (equivalent to USD 24,950,000) to be delivered in June 2016 and supply of prime steel billet for an aggregate of AED 110,100,000 (equivalent to USD 30,000,000) to be delivered during the period from March 2018 to August 2018.

The establishment has received an advance of AED 183,901,323 (equivalent to USD 50,109,352) from the customer against the above contracts as at the reporting date.

### 30. OPERATING LEASE COMMITMENTS

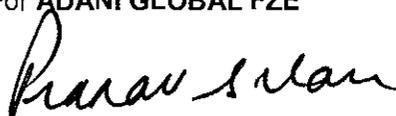
The establishment has entered into non-cancellable operating leases. The total of the future lease payments is as follows:

	2016	2015
	AED '000	AED '000
Not later than one year	180	180
Between one and five years	672	729
Later than five years	370	495

### 31. CONTINGENT LIABILITIES

Letters of guarantee	149	249
Unutilised balances of commercial letters of credit	27,347	80,806

For ADANI GLOBAL FZE



DIRECTOR

