

# **ADANI GLOBAL PTE LTD**

(Registration number: 200003047N)

**DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

# **ADANI GLOBAL PTE LTD**

## **DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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# ADANI GLOBAL PTE LTD

## DIRECTORS' STATEMENT

The directors are pleased to present their statements to the member together with the audited financial statements of **ADANI GLOBAL PTE LTD** (the "company") for the financial year ended 31 March 2017.

### 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 2017 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  
Saboo Shrikant Vinod  
Yuki Tanizaki

### 3. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

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

### 4. **DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

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

## ADANI GLOBAL PTE LTD

### DIRECTORS' STATEMENT – cont'd

5. **SHARE 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.

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

6. **INDEPENDENT AUDITOR**

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

On behalf of the Board

  
.....  
Arup Roy  
Director

Date: 23 May 2017



.....  
Saboo Shrikant Vinod  
Director



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

### *Opinion*

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 2017, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

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

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

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

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

### *Responsibilities of Management and Directors for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirement**

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

*Prudential PAC*

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

Date: 23 May 2017



## ADANI GLOBAL PTE LTD

### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	<u>Note</u>	<u>2017</u> US\$	<u>2016</u> US\$
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Plant and equipment	(8)	7,000,189	102,301
Investment properties	(9)	4,120,617	4,201,226
Investment in subsidiaries	(10)	48,896,618	43,736,752
Interest in joint venture	(11)	3,801,020	3,800,000
Total non-current assets		<u>63,818,444</u>	<u>51,840,279</u>
<b>Current assets:</b>			
Inventories	(12)	-	15,037,265
Trade and other receivables	(13)	2,169,862,400	2,010,088,119
Other current assets	(14)	4,161,622	2,580,975
Cash and cash equivalents	(15)	116,044,019	119,199,362
Derivative financial instruments	(19)	-	4,155,512
Total current assets		<u>2,290,068,041</u>	<u>2,151,061,233</u>
<b>Total assets</b>		<u>2,353,886,485</u>	<u>2,202,901,512</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity:</b>			
Share capital	(16)	27,600,000	27,600,000
Merger reserve	(17)	18,881,167	-
Retained earnings		960,097,878	882,454,374
Total equity		<u>1,006,579,045</u>	<u>910,054,374</u>
<b>Non-current liabilities:</b>			
Borrowings	(18)	29,897,096	581,541
Total non-current liabilities		<u>29,897,096</u>	<u>581,541</u>
<b>Current liabilities:</b>			
Borrowings - current portion	(18)	606,236,298	644,370,987
Trade and other payables	(19)	705,219,091	641,995,905
Derivative financial instruments	(20)	56,250	-
Income tax payables	(24)	5,898,705	5,898,705
Total current liabilities		<u>1,317,410,344</u>	<u>1,292,265,597</u>
<b>Total liabilities</b>		<u>1,347,307,440</u>	<u>1,292,847,138</u>
<b>Total equity and liabilities</b>		<u>2,353,886,485</u>	<u>2,202,901,512</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 2017

	<u>Note</u>	<u>2017</u> US\$	<u>2016</u> US\$
Revenue	(21)	3,549,694,327	3,485,238,954
Cost of goods sold		<u>(3,426,042,313)</u>	<u>(3,347,122,633)</u>
Gross profit		123,652,014	138,116,321
Other income	(22)	11,477,863	8,516,885
Marketing and distribution expenses		(3,788,423)	(3,738,796)
Administrative expenses		(9,810,957)	(11,871,099)
Finance costs	(23)	(37,437,409)	(35,184,439)
Other expenses		<u>(648,234)</u>	<u>(2,097,951)</u>
Profit before income tax		83,444,854	93,740,921
Income tax expense	(24)	<u>(5,801,350)</u>	<u>(4,588,781)</u>
Profit for the year	(25)	77,643,504	89,152,140
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>77,643,504</u>	<u>89,152,140</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 2017

	<u>Share Capital</u> US\$	<u>Merger Reserve</u> US\$	<u>Retained Earnings</u> US\$	<u>Total</u> US\$
Balance as at 1 April 2015	27,600,000	-	793,302,234	820,902,234
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>89,152,140</u>	<u>89,152,140</u>
Balance as at 31 March 2016	27,600,000	-	882,454,374	910,054,374
Amalgamation (Note 17)		18,881,167	-	18,881,167
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>77,643,504</u>	<u>77,643,504</u>
Balance as at 31 March 2017	<u>27,600,000</u>	<u>18,881,167</u>	<u>960,097,878</u>	<u>1,006,579,045</u>

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

# ADANI GLOBAL PTE LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	<u>Note</u>	<u>2017</u> US\$	<u>2016</u> US\$
<b>Cash flows from operating activities</b>			
Profit before income tax		83,444,854	93,740,921
Adjustment for:			
Depreciation of plant and equipment		209,416	101,261
Depreciation of investment properties		80,609	80,608
Interest expense		37,437,409	35,184,439
Interest income		(11,116,789)	(7,626,213)
Operating profit before working capital changes		110,055,499	121,481,016
Inventories		15,037,265	24,570,678
Trade and other receivables		(117,990,167)	307,645,760
Other current assets		1,614,272	1,146,429
Derivative financial instruments		4,211,762	(11,498,554)
Trade and other payables		59,207,058	56,062,600
Cash generated from operations		72,135,689	499,407,929
Income tax paid		(5,801,350)	(9,101,295)
<b>Net cash generated from operating activities</b>		66,334,339	490,306,634
<b>Investing activities:</b>			
Interest received		1,116,789	9,952,026
Acquisition of subsidiaries		-	(10,766)
Acquisition of plant and equipment		(391,665)	(122,378)
Cash inflow from merger		1,602,453	-
Increase in net amount due from related parties		(19,696,723)	(225,595,000)
Fixed deposit		(1,357,315)	(16,676,631)
<b>Net cash used in investing activities</b>		(18,726,461)	(232,452,749)
<b>Financing activities:</b>			
Interest paid		(37,437,409)	(35,184,439)
(Increase)/ decrease in net amount due from third parties		(5,863,993)	25,881,741
Repayment of working capital loans-net		(13,392,736)	(185,012,745)
Proceeds from/ (repayment of) term loans-net		4,573,602	(90,379,859)
<b>Net cash used in financing activities</b>		(52,120,536)	(284,695,302)
Net decrease in cash and cash equivalents		(4,512,658)	(26,841,417)
Cash and cash equivalents at beginning of year		10,039,947	36,881,364
Cash and cash equivalents at end of year	(15)	5,527,289	10,039,947

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 2017

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 2017 were authorised for issue by the Board of Directors on 23 May 2017.

### 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 2016. 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 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Clarifications to FRS 115: Revenue from Contract with Customers (Amendment)	1 January 2018
FRS 116	Leases	1 January 2019

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 7: Statement of Cash Flows: Disclosure Initiative (Amendments)

The amendments required an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendment applies prospectively to annual periods beginning on or after 1 January 2017, with earlier application permitted.

Management do not anticipated the application of these amendments will have a material impact on the company's financial statements.

##### ii) FRS 109: Financial Instruments

FRS 109 introduces new requirement for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the company to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The company will be assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

## 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

##### (b) FRSs and INT FRSs issued not yet effective – cont'd

##### iii) FRS 115: Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The company will be assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

##### iv) FRS 116: Leases

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17 Leases, INT FRS 104 determining whether an arrangement contains a Lease, INT FRS 15 Operating Leases – Incentives, and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

As FRS 109, FRS 115 and FRS 116, when effective, will change the existing accounting standards and guidance applied by the company in accounting for revenue, financial instruments and leases, these standards are expected to be relevant to the company. The company is presently assessing the potential impact of adopting these new standards and interpretations on its financial statements and does not plan to adopt these standards early.

##### 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
Barges	21-23 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 a company if any of the following applies:
  - (i) the entity and the company are members of the same group i.e. each parent, subsidiary and fellow subsidiary is related to the others;
  - (ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.
  - (viii) the entity, or any member of the company of which it is a part, provides key management personnel services to the company or to the parent of the company.

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

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

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

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

##### 2.16. 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

##### 4.2 Key Sources of Estimation Uncertainties– 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>2017</u> US\$	<u>2016</u> US\$
<b>Financial assets:</b>		
<u>Loans and receivables:</u>		
- Trade and other receivables	2,075,824,275	1,835,911,656
- Cash and cash equivalents	116,044,019	119,199,362
<u>Fair value through profit or loss:</u>		
- Derivative financial instruments	-	4,155,512
	<u>2,191,868,294</u>	<u>1,959,266,530</u>
<b>Financial liabilities:</b>		
<u>At amortised costs:</u>		
- Trade and other payables	649,183,911	640,467,306
- Borrowings	636,133,394	644,952,528
<u>Fair value through profit or loss:</u>		
- Derivative financial instruments	56,250	-
	<u>1,285,373,555</u>	<u>1,285,419,834</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.

##### (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.

## 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 – cont'd

###### (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:

###### 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.

## 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 – cont'd

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\$4,325,591** (2016: US\$4,434,755).

##### 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>2017</u> US\$	<u>2016</u> US\$
<b>Singapore dollar exposure:</b>		
<b><u>Financial assets and liabilities:</u></b>		
Trade and other receivables	469,163	563,443
Cash and cash equivalents	70,517	206,643
Borrowings	(509,402)	(939,640)
Trade and other payables	(84,752)	(71,017)
	<hr/>	<hr/>
Net foreign currency exposure	<u>(54,474)</u>	<u>(240,571)</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>2017</u> US\$	<u>2016</u> US\$
S\$/US\$		
- strengthen 10% (2016: 10%)	<u>5,447</u>	<u>21,313</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% (2016: 99%) 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.

<u>2017</u>	Effective interest rate p.a. %	Carrying amount US\$	<u>Contractual undiscounted cash flows</u>		
			One year or less US\$	Two to five years US\$	Total US\$
<u>Non-derivative</u>					
<u>Financial liabilities:</u>					
Trade and other payables	-	649,183,911	649,183,911	-	649,183,911
Borrowings	1.5-4.4	636,233,395	615,000,023	29,930,903	644,930,926
Total undiscounted financial liabilities		1,285,417,306	1,264,183,934	29,930,903	1,294,114,837

		<u>Contractual undiscounted cash flows</u>			
<u>2016</u>	<u>Effective interest rate p.a.</u> %	<u>Carrying amount</u> US\$	<u>One year or less</u> US\$	<u>Two to five years</u> US\$	<u>Total</u> US\$
<u>Non-derivative</u>					
<u>Financial liabilities:</u>					
Trade and other payables	-	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

## 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>Contractual undiscounted cash flows</u>			
<u>2017</u>	<u>Effective interest rate p.a.</u> %	<u>Carrying amount</u> US\$	<u>One year or less</u> US\$	<u>Two to five years</u> US\$	<u>Total</u> US\$
Derivatives financial liabilities/ (assets):					
- Net settled commodity swap	-	56,250	56,250	-	56,250

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

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

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

##### (i) Financial assets and liabilities

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

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

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

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

(d) Fair value of financial assets and financial liabilities – cont'd

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

Financial Assets / Financial (Liabilities)	Fair Value				Fair Value Hierarchy	Valuation Technique and Key Impact	Significant unobservable input	Relationship of unobservable inputs to fair value
	Assets		Liabilities					
	2017 US\$	2016 US\$	2017 US\$	2016 US\$				
- Derivative financial instruments( Note 20)	-	4,155,512	56,250	-	Level 2	Inputs other than quoted prices included within Level 1	N.A.	N.A.

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

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

During the financial year ended 31 December 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.

## 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

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.

	<u>2017</u> US\$	<u>2016</u> US\$
Trade and other payables	705,219,091	641,995,905
Borrowings	636,133,394	644,952,528
Derivative financial instruments	56,250	-
Less: Cash and cash equivalents	<u>(116,044,019)</u>	<u>(119,199,362)</u>
Net debt	1,225,364,716	1,167,749,071
Total equity	1,006,579,045	910,054,374
Total capital	<u>2,231,943,761</u>	<u>2,077,803,445</u>
Gearing ratio	<u>55%</u>	<u>56%</u>

The capital structure of the company's mainly consists of equity and debt and the Company's overall strategy remains unchanged from 31 March 2017.

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.

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 7. RELATED PARTY TRANSACTIONS – cont'd

The related party balances are unsecured, repayable on demand and interest free unless otherwise stated.

Significant related party transactions:

	<u>2016</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
Sales to:		
- ultimate holding company	456,534,127	416,323,058
- subsidiary	270,000	-
- related companies	<u>1,144,540,878</u>	<u>961,480,423</u>
Purchases from		
- related companies	<u>448,536,325</u>	<u>361,855,608</u>
Ocean freight, despatch/ demurrage charges from		
- related companies	421,065	1,404,731
- subsidiaries	<u>200,184,075</u>	<u>168,367,939</u>
Professional fees to		
- related companies	<u>952,016</u>	<u>1,574,958</u>
Interest expenses to		
- related companies	<u>1,020,544</u>	<u>-</u>
Key management personnel compensation:		
- Short-term employee benefits	<u>1,760,264</u>	<u>1,760,264</u>

#### 8. PLANT AND EQUIPMENT

	<u>Computer &amp; Office Equipment</u> <u>US\$</u>	<u>Furniture &amp; Fittings</u> <u>US\$</u>	<u>Barges</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
<b>Cost</b>				
At 1.4.2015	264,727	278,627	-	543,354
Additions	<u>39,979</u>	<u>82,399</u>	<u>-</u>	<u>122,378</u>
<b>At 31.3.2016</b>	304,706	361,026	-	665,732
Additions	136,145	255,520	-	391,665
Write off	(28,094)	(2,941)	-	(31,035)
Amalgamation	<u>4,908</u>	<u>-</u>	<u>8,500,000</u>	<u>8,504,908</u>
<b>At 31.3.2017</b>	<u>417,665</u>	<u>613,605</u>	<u>8,500,000</u>	<u>9,531,270</u>

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 8. PLANT AND EQUIPMENT – cont'd

	<b>Computer &amp; Office Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Barges</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b><u>Accumulated depreciation</u></b>				
At 1.4.2015	227,648	234,522	-	462,170
Charged for the year	31,272	69,989	-	101,261
<b>At 31.3.2016</b>	<b>258,920</b>	<b>304,511</b>	<b>-</b>	<b>563,431</b>
Charged for the year	48,039	60,716	100,661	209,416
Write off	(28,094)	(2,941)	-	(31,035)
Amalgamation	3,952	-	1,785,317	1,789,269
<b>At 31.3.2017</b>	<b>282,817</b>	<b>362,286</b>	<b>1,885,978</b>	<b>2,531,081</b>
<b><u>Net carrying amount</u></b>				
At 31.3.2016	45,786	56,515	-	102,301
<b>At 31.3.2017</b>	<b>134,848</b>	<b>251,319</b>	<b>6,614,022</b>	<b>7,000,189</b>

The residual values (estimated scrap value at the end of the barges' useful lives) of the barges were estimated at US\$425,000 as of 31 March 2017.

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

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.

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 9. INVESTMENT PROPERTIES

	<u>Leasehold Properties</u> US\$
<u>Cost</u>	
At 31.3.2016 and 31.3.2017	<u>4,826,852</u>
<u>Accumulated depreciation</u>	
At 31.3.2015	545,018
Charged for the year	<u>80,608</u>
<b>At 31.3.2016</b>	625,626
Charged for the year	<u>80,609</u>
<b>At 31.3.2017</b>	<u>706,235</u>
<u>Net carrying amount</u>	
At 31.3.2016	<u>4,201,226</u>
<b>At 31.3.2017</b>	<u>4,120,617</u>

Details of investment properties are as follows:

	<u>2017</u>		<u>2016</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)	<u>2,592,802</u>	<u>2,789,700</u>	<u>2,592,802</u> <u>2,978,000</u>
Leasehold property II situated at 10 Anson Road #34-15, International Plaza, Singapore 079903 (175 sq m)	<u>2,234,050</u>	<u>2,324,750</u>	<u>2,234,050</u> <u>2,532,000</u>

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

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

	<u>2017</u> US\$	<u>2016</u> US\$
Rental income	<u>257,771</u>	<u>285,307</u>
Direct operating expenses arising from investing property		
Property tax	(4,840)	(26,036)
Depreciation	<u>(80,609)</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).



## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 9. INVESTMENT PROPERTIES – cont'd

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>2017</u> US\$	<u>2016</u> US\$
<u>Unquoted equity investments at cost</u>		
At beginning of financial year	43,736,752	43,725,986
Additions	-	10,766
Amalgamation	5,159,866	-
	<u>48,896,618</u>	<u>43,736,752</u>
At end of financial year	<u>48,896,618</u>	<u>43,736,752</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>2017</u> %	<u>2016</u> %
PT Adani Global	Export & import and mine supporting activity	Indonesia	95	95
PT Adani Global Coal Trading	Export & import and mine supporting activity	Indonesia	95	95
Adani Mining Pty Ltd	Export & import and mine supporting activity	Australia	100	100
Adani Minerals Pty Ltd	Export & import and mine supporting activity	Australia	90	90
Adani Shipping Pte Ltd	Chartering and owning of ships, barges and boats	Singapore	100	100
Adani North America Inc.	Business development and mine supporting activity	United States	100	100
Adani Infrastructure Pty Ltd	Export & import and mine supporting activity	Australia	100	100
Adani Bukering Pvt Ltd (Formerly known as Chemoil Adani Private Limited)	Supply of petroleum products and rental of storage terminal facilities	India	99	-

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 10. INVESTMENT IN SUBSIDIARIES – cont'd

On 1 January 2017, Adani Bunkering Pte.Ltd was amalgamated with Adani Global Pte.Ltd. One set consolidated financial statements of the company and its subsidiaries are not prepared as the company itself is a wholly owned subsidiary of another corporation. The ultimate holding company, Adani Enterprises Ltd prepares consolidated financial statements which are available for public use. The registered office of Adani Enterprises Ltd is Adani 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 VENTURES

	<u>2017</u> US\$	<u>2016</u> US\$
<u>Unquoted equity investments at cost</u>		
At beginning of financial year	3,800,000	3,800,000
Addition	1,020	-
At end of financial year	<u>3,801,020</u>	<u>3,800,000</u>

Details of the joint ventures are as follows:

<u>Name of the joint venture</u>	<u>Principal activities</u>	<u>Country of incorporation and place of business</u>	<u>Equity holding</u>	
			<u>2017</u> %	<u>2016</u> %
Adani Wilmar Pte Ltd	Business of trading in various types of pulses, grains and other agricultural commodities	Singapore	50	50
Adani Green Energy Pte. Ltd.	Other holding company	Singapore	51	-

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>2017</u> US\$	<u>2016</u> US\$
Goods in transit	-	15,037,265

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 expense and include in “cost of goods sold” amounts to **US\$3,426,042,313** (2016: US\$3,347,122,633).

#### 13. TRADE AND OTHER RECEIVABLES

	<u>2017</u> US\$	<u>2016</u> US\$
Trade receivables:		
- ultimate holding company (Note 6)	280,753,448	290,966,647
- related companies (Note 7)	557,804,496	415,634,173
- subsidiary (Note 10)	33,000	-
- third parties	404,999,362	318,829,948
	<u>1,243,590,306</u>	<u>1,025,430,768</u>
Less: allowance for doubtful debts	(210,527)	(24,634)
	1,243,379,779	1,025,406,134
Other receivables:		
Advances to:		
- related companies (Note 7)	47,412,752	60,646,813
- subsidiary (Note 10)	12,640,000	82,340,000
- third parties	31,506,909	31,189,650
Commodity receivables	-	2,480,988
GST receivables	454,142	476,473
Loan to employees	27,919	100,520
Interest receivables	928,264	2,104,001
Deferred expenses	2,478,464	-
Other receivables – third parties	132,111	2,196
Loan to:		
- subsidiaries (Note 10)	627,909,161	608,212,438
- third parties	202,992,899	197,128,906
	<u>2,169,862,400</u>	<u>2,010,088,119</u>

##### (a) Trade receivables

Trade receivables are non-interest bearing and the credit periods are within 30 to 360 days’ (2016: 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.

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 13. TRADE AND OTHER RECEIVABLES – cont'd

##### (a) Trade receivables – cont'd

The company has concentration of trade receivables (credit risk) with three counter parties (2016: four counter parties) amounting to approximately US\$705,128,576 (2016: US\$701,872,185) which represent 57% (2016: 68%) of trade receivables.

##### (b) Trade receivables that are discounted

Included in trade receivables, a sum of US\$377,321,044 (2016: US\$386,779,835), 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 secured interest bearing at LIBOR plus margin and repayable over the duration of the loan.

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

	<u>2017</u> US\$	<u>2016</u> US\$
Not past due and not impaired	1,194,614,179	988,200,666
Past due but not impaired	<u>48,765,600</u>	<u>37,205,468</u>
	<u>1,243,379,779</u>	<u>1,025,406,134</u>

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

	<u>2017</u> US\$	<u>2016</u> US\$
Lesser than 30 days	8,075,202	12,598,673
31 to 60 days	5,772,826	1,986,201
61 to 90 days	2,705,642	4,059,349
More than 91 days	<u>32,211,930</u>	<u>18,561,245</u>
	<u>48,765,600</u>	<u>37,205,468</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>2017</u> US\$	<u>2016</u> US\$
At beginning of the year	24,634	123,425
Bad debts recovery during the year	-	(6,478)
Provision during the year	207,518	3,077
Written off during the year	<u>(21,625)</u>	<u>(95,390)</u>
At end of the year	<u>210,527</u>	<u>24,634</u>

Trade and other receivables are denominated in following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
British pound	-	125,357
Indian rupee	1,542	16,602
Singapore dollar	469,163	590,881
United States dollar	<u>2,169,391,695</u>	<u>2,009,355,279</u>
	<u>2,169,862,400</u>	<u>2,010,088,119</u>

#### 14. OTHER CURRENT ASSETS

	<u>2017</u> US\$	<u>2016</u> US\$
Deposits	470,017	470,470
Prepayments	<u>3,691,605</u>	<u>2,110,505</u>
	<u>4,161,622</u>	<u>2,580,975</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>2017</u> US\$	<u>2016</u> US\$
Bank balances	5,527,289	10,039,947
Fixed deposits	110,516,730	109,159,415
	116,044,019	119,199,362
Less:		
Restricted deposits	(110,516,730)	(109,159,415)
Cash and cash equivalents as per the statement of cash flows	<u>5,527,289</u>	<u>10,039,947</u>

Cash and cash equivalents comprise cash in hand and 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 1 day to 344 days (2016: 14 days to 571 days) depending upon the immediate cash requirements of the company. The fixed deposits bear average effective interest rate of 0.40%-2.47% (2016: 0.35%-2.46%) 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>2017</u> US\$	<u>2016</u> US\$
Singapore dollar	124,272	206,643
United States dollar	115,919,747	118,992,719
	<u>116,044,019</u>	<u>119,199,362</u>

#### 16. SHARE CAPITAL

	<u>2017</u> <u>Number of ordinary shares</u>	<u>2016</u> <u>Number of ordinary shares</u>	<u>2017</u> US\$	<u>2016</u> US\$
<u>Issued and paid up</u>				
Ordinary shares	<u>43,117,530</u>	<u>43,117,530</u>	<u>27,600,000</u>	<u>27,600,000</u>

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

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

#### 17. RESERVE

	<u>2017</u> US\$	<u>2016</u> US\$
Merger reserve	18,881,167	-

#### Merger Reserve

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

#### 18. BORROWINGS

	<u>2017</u> US\$	<u>2016</u> US\$
Long term bank loans	46,346,575	41,772,973
Working capital loans	589,786,819	603,179,555
	<u>636,133,394</u>	<u>644,952,528</u>

	<u>2017</u> US\$	<u>2016</u> US\$
<b>Long term bank loans</b>		
Term loan i	286,359	521,689
Term loan ii	223,043	417,951
Term loan iii	-	20,833,333
Term loan iv	-	20,000,000
Term loan v	45,837,173	-
Total long term bank loans	<u>46,346,575</u>	<u>41,772,973</u>

#### Less: Current portion

Term loan i	(214,766)	(190,079)
Term loan ii	(178,434)	(168,020)
Term loan iii	-	(20,833,333)
Term loan iv	-	(20,000,000)
Term loan v	(16,056,279)	-
Total current portion	<u>(16,449,479)</u>	<u>(41,191,432)</u>

#### Total non-current portion

	<u>29,897,096</u>	<u>581,541</u>
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#### **Working capital loans**

Trust receipts, freight and invoice financing	172,465,775	111,399,720
Trade bills discounting	377,321,044	386,779,835
Credit facilities	40,000,000	105,000,000
	<u>589,786,819</u>	<u>603,179,555</u>

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

#### 18. BORROWINGS – cont'd

	<u>2017</u> US\$	<u>2016</u> US\$
<b>Represented as:</b>		
Current portion:		
Long term bank loans	16,449,479	41,191,432
Working capital loans	<u>589,786,819</u>	<u>603,179,555</u>
	606,236,298	644,370,987
Non-current portion:		
Long term bank loans	<u>29,897,096</u>	<u>581,541</u>
<b>Total borrowings</b>	<u><u>636,133,394</u></u>	<u><u>644,952,528</u></u>

#### 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% (2016: 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).

In the event that the total amount outstanding under the facility exceeds 80% of the current market value of the investment properties, the said bank is entitled to reduce the credit limit and require payment of such amount and additional security to be furnished.

##### 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 4.16% (2016 4.1%) 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. Accordingly, the loan has been fully repaid during the financial year.

##### 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 were reset semi-annually, starting from 1 July 2011 to 30 June 2016. The swap covered a notional volume of 13.75 million MT. The reference swap prices at the calculation periods during the current financial year and at the end of the reporting period were greater than US\$80/MT. The loan has been fully repaid during the financial year.



## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUE

#### 18. **BORROWINGS – cont'd**

##### Long term bank loans – cont'd

##### d) Term loan v

During the financial year, the company entered into a facility arrangement called structured swap facility with a financial institution for USD 50 million. This facility used frequently applied commodity price index as a reference price in its calculation to determine the payment amounts. The reference price used in the calculation period is limited to a pre-determined range of prices. The bank is contractually obliged to pay the value derived from Notional Value and reference price. The company is also contractually obliged to pay the value derived from Notional Value and reference price and an additional commodity linked liquidity charge based on 6 Months LIBOR and a margin. This swap facility is settled on a net settlement basis every 6 months, until 3 December 2018.

##### Working capital loans

##### a) Trust receipts, freight and invoice financing

The company obtained the trust receipts, freight and invoice financing from various banks. Trust receipts loan bears interest ranging from 1.70% to 3.01% per annum and repayable within 7 days to 180 days. Freight financing loan bears interest at the rate of 3.43% per annum and repayable within 30 days to 90 days. Invoice financing bears interest at the rate of 2.63% per annum and repayable within 180 days.

##### b) Trade bills discounting

The company obtained the bill discounting facilities from various banks. The loans arise from foreign bills discounted, which are granted 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% 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.

The above borrowings are subject to loan covenants as follows:

The company shall maintain:

- a) a sum of tangible net worth of US\$350,000,000 at all times.
- b) gearing ratio (defined as total liabilities to tangible net worth) not more than 4.0 times.
- c) current ratio not less than 1.10 times.
- d) TOL / adj.TNW not exceed 5.

The company regularly monitors its compliance with the financial covenants.

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 18. BORROWINGS – cont'd

Borrowings are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
Singapore dollar	509,402	939,640
United States dollar	635,623,992	644,012,888
	<u>636,133,394</u>	<u>644,952,528</u>

#### 19. TRADE AND OTHER PAYABLES

	<u>2017</u> US\$	<u>2016</u> US\$
Trade payables:		
- third parties	588,916,182	450,484,118
- subsidiaries (Note 10)	31,050,641	16,332,516
- related companies (Note 7)	111,267	141,963,756
	<u>620,078,090</u>	<u>608,780,390</u>
Advances from customers	56,035,180	1,528,599
Deposit received	42,161	44,873
Accrued expenses	7,098,837	14,279,356
Other payables:		
- third parties	10,745,589	8,713,028
- subsidiaries (Note 10)	6,693,762	6,611,955
- joint venture (Note 11)	1,020	-
Interest payables	3,466,052	2,037,704
Commodity payables	1,058,400	-
	<u>705,219,091</u>	<u>641,995,905</u>

Trade payables are non-interest bearing and are normally settled on 30 to 60 days (2016: 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.

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 19. TRADE AND OTHER PAYABLES

Trade and other payables are denominated in the following currencies:

	<u>2017</u> US\$	<u>2016</u> US\$
United States dollar	705,115,912	641,924,888
Singapore dollar	84,752	71,017
Indian rupee	18,427	-
	<u>705,219,091</u>	<u>641,995,905</u>

#### 20. DERIVATIVE FINANCIAL INSTRUMENTS

<u>2017</u>	<u>Contractual</u> <u>Notional value</u> US\$	<u>Assets/(Liabilities)</u> US\$
Commodity swaps		
Purchases	105,108,650	11,054,850
Sales	69,179,750	(11,111,100)
Net position		<u>(56,250)</u>
 <u>2016</u>	 <u>Contractual</u> <u>Notional value</u> US\$	 <u>Assets/(Liabilities)</u> US\$
Commodity swaps		
Purchases	141,383,763	4,678,963
Sales	30,940,900	(523,450)
Net position		<u>4,155,513</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 realised gain of **US\$23,552,359** (2016: US\$8,197,968) has been recognised in the profit and loss statement.

#### 21. 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

#### 22. OTHER INCOME

	<u>2017</u> US\$	<u>2016</u> US\$
Operating income:		
- bad debts recovery	-	6,479
- foreign currency exchange gain	79,047	23,507
- interest income from financial institutions	964,030	903,730
- interest income from third parties	10,152,759	6,722,483
	<u>11,195,836</u>	<u>7,656,199</u>
Non-operating income:		
- insurance claim received	-	78,001
- rental income from investment property	257,771	285,307
- sundry balances written back	-	493,149
- temporary employment credit	1,932	-
- other miscellaneous income	22,324	4,229
	<u>282,027</u>	<u>860,686</u>
	<u>11,477,863</u>	<u>8,516,885</u>

Temporary Employment Credit (TEC) was announced as a Budget 2014 initiative to help employer for adjustment of one percentage point increase in medisave contribution rates which took effect in January 2015. With TEC, employer will receive a one-year offset of 0.5% of wages for Singaporean and Singapore Permanent Resident (PR) employees in 2015. As announced at Budget 2015, the TEC will be further enhanced and extended to help companies adjust to the cost increases associated with 1% increase in employer CPF contribution rates for older workers and increase in the CPF salary ceiling.

#### 23. FINANCE COSTS

	<u>2017</u> US\$	<u>2016</u> US\$
Interest on loans	4,571,432	5,939,294
Interest on bill discounting and trust receipt	25,943,622	19,650,821
Bank charges and commission	2,731,198	4,502,361
L/C charges	3,891,157	3,941,397
Finance charges	300,000	1,150,566
	<u>37,437,409</u>	<u>35,184,439</u>

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 24. INCOME TAX

	<u>2017</u> US\$	<u>2016</u> US\$
Current tax:		
Provision for current year	5,000,000	5,000,000
Under/ (over) provision of income tax in prior years	801,350	(411,219)
	<u>5,801,350</u>	<u>4,588,781</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% (2016: 17% and 5%) to profit before income tax as a result of the following differences:

	<u>2017</u> US\$	<u>2016</u> US\$
Profit before income tax	83,444,854	93,740,921
Income tax expense calculated at 17%	14,185,625	15,935,957
Tax effects of:		
- GTP tax concessions	(9,184,142)	(10,949,003)
- non-deductible items	49,304	32,351
- partial tax exemptions	(36,481)	(19,305)
- tax rebate	(14,306)	-
	5,000,000	5,000,000
Under/ (over) provision of income tax in prior years	801,350	(411,219)
	<u>5,801,350</u>	<u>4,588,781</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% (2016:17%).

#### *Movement in income tax payables*

	<u>2017</u> US\$	<u>2016</u> US\$
Balance at beginning of year	5,898,705	10,411,219
Income tax paid	(5,801,350)	(9,101,295)
Income tax expenses	5,801,350	4,588,781
Balance at end of year	<u>5,898,705</u>	<u>5,898,705</u>

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 25. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	<u>2017</u> US\$	<u>2016</u> US\$
Employee benefit expenses (including director's emoluments)	5,568,548	5,684,330
Cost of defined contribution plans included in employee benefits	80,793	69,795
Legal and professional fees	2,283,680	4,305,477
Bad debts expenses	150,691	1,913,004
Provision for doubtful debts	<u>207,518</u>	<u>3,078</u>

#### 26. CONTINGENT LIABILITIES

	<u>2017</u> US\$	<u>2016</u> US\$
Financial support given to those subsidiaries having:		
- deficiencies in shareholders' funds	13,590,467	7,419,243
- current liabilities in excess of current assets*	<u>66,981,527</u>	<u>66,925,864</u>

#### 27. COMMITMENTS

	<u>2017</u> US\$	<u>2016</u> US\$
Performance guarantee	112,485,397	112,693,194
Letters of credit	<u>205,552,419</u>	<u>126,853,584</u>
	<u>318,037,816</u>	<u>239,546,778</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\$0.731 million (2016: US\$1.218 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

#### 28. OPERATING LEASE COMMITMENTS

##### *The company as lessor*

	<u>2017</u> US\$	<u>2016</u> US\$
Minimum lease receipts under operating lease recognised as an income in the year	<u>257,771</u>	<u>285,307</u>

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

	<u>2017</u> US\$	<u>2016</u> US\$
Within one year	237,156	190,897
In the second to fifth years inclusive	<u>-</u>	<u>-</u>
	<u>237,156</u>	<u>190,897</u>

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

##### *The company as lessee*

	<u>2017</u> US\$	<u>2016</u> US\$
Minimum lease payments under operating lease recognised as an expense in the year	<u>787,793</u>	<u>443,032</u>

As at the end of the reporting period, the commitments in respect of operating lease were as follows:

	<u>2017</u> US\$	<u>2016</u> US\$
Within one year	676,176	503,540
In the second to fifth years inclusive	<u>497,066</u>	<u>671,387</u>
	<u>1,173,242</u>	<u>1,174,927</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.

#### 29. OTHER MATTERS

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.

## ADANI GLOBAL PTE LTD

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 29. OTHER MATTERS – cont'd

The company invoked the arbitration closure and 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 to schedule a date for hearing of final arguments of the company on 10<sup>th</sup> July 2017 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 a 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.

#### 30. 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 2017

	<u>2017</u> US\$	<u>2016</u> US\$
<b>Sales</b>	3,549,694,327	3,485,238,954
<b>Less: Cost of goods sold</b>		
Opening inventories	15,037,265	39,607,943
Purchases	2,951,001,126	2,823,839,216
Freight & material handling	460,003,922	498,712,739
	<b>3,426,042,313</b>	<b>3,362,159,898</b>
Less: Closing inventories	-	(15,037,265)
	<u>(3,426,042,313)</u>	<u>(3,347,122,633)</u>
<b>Gross profit</b>	<b>123,652,014</b>	<b>138,116,321</b>
<b>Add: Other income</b>		
<b>Operating income</b>		
Bad debts recovery	-	6,479
Foreign currency exchange gain	79,047	23,507
Interest income from financial institutions	964,030	903,730
Interest income from third parties	10,152,759	6,722,483
<b>Non-operating income</b>		
Insurance claim received	-	78,001
Rental income from investment property	257,771	285,307
Sundry balances written back	-	493,149
Temporary employment credit	1,932	-
Other miscellaneous receipts	22,324	4,229
	<u>11,477,863</u>	<u>8,516,885</u>
	<b>135,129,877</b>	<b>146,633,206</b>
<b>Less: Operating expenses</b>		
- Schedule 'A'	51,385,023	51,741,719
<b>Non-operating expenses</b>		
- Finance cost	300,000	1,150,566
	<u>(51,685,023)</u>	<u>(52,892,285)</u>
<b>Profit before income tax</b>	<u><b>83,444,854</b></u>	<u><b>93,740,921</b></u>

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

# ADANI GLOBAL PTE LTD

Schedule 'A'

## OPERATING EXPENSES

FOR THE YEAR ENDED 31 MARCH 2017

	<u>2017</u> US\$	<u>2016</u> US\$
<b>Marketing and distribution expenses</b>		
Brokerage and commission	2,972,445	2,991,498
Business promotion expenses	65,640	20,844
Entertainment expenses	41,937	53,929
Insurance	708,401	672,525
<b>Administrative expenses</b>		
Auditors' remuneration	65,000	65,000
Communication	107,246	103,808
Directors remuneration	2,395,954	1,750,018
Directors CPF	12,759	10,246
Donations	8,063	10,647
Electricity expenses	21,574	23,618
Insurance	4,710	2,758
Legal and Professional fees	2,283,680	4,305,477
Office expenses	131,996	401,345
Postage and courier	22,326	22,802
Printing and stationery	29,234	29,630
Property tax	4,840	26,036
Repairs and maintenance	60,312	86,540
Rental of office building	787,794	467,316
Rental for staff accommodation	6,671	92,145
Ship management expenses	102,159	-
Subscription & membership fee	126,555	68,174
Staff salaries	2,797,603	3,397,064
Staff CPF	68,034	59,549
Staff medical and welfare expenses	262,249	375,308
Travelling expenses	512,198	573,618
<b>Finance costs</b>		
Interest on loans	4,571,432	5,939,294
Interest on bill discounting and trust receipt	24,176,351	18,108,748
Bank charges and commission	2,731,198	4,502,361
L/C charges	3,891,157	3,941,397
Other interest	1,767,271	1,542,073
<b>Other expenses</b>		
Bad debts expenses	150,691	1,913,004
Depreciation of property, plant and equipment	209,416	101,261
Depreciation of investment property	80,609	80,608
Provision for doubtful debts	207,518	3,078
	<u>51,385,023</u>	<u>51,741,719</u>

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