

ADANI GLOBAL FZE

Financial statements and reports
Year ended 31 March 2015

ADANI GLOBAL FZE

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Year ended 31 March 2015

CONTENTS	PAGE
DIRECTORS' REPORT	1
INDEPENDENT AUDITOR'S REPORT	2 & 3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
STATEMENT OF CHANGES IN EQUITY	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 – 26

ADANI GLOBAL FZE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2015

The directors have pleasure in submitting the financial statements of Adani Global FZE, Jebel Ali, Dubai for the year ended 31 March 2015.

Turnover, profit and dividend

The turnover of the establishment for the year ended 31 March 2015, amounted to AED 2,118,427,089 as compared to AED 2,380,754,873 in the previous year. The directors are confident of achieving the growth, both in volume of business and profitability in the coming years.

The profit for the year amounted to AED 97,821,578. No dividend is recommended by the directors for the year ended 31 March 2015.

Business activity

The establishment's principal activity during the year was trading in metal scrap, metal finished products, coal, petroleum products and agro-commodities.

Events after the reporting date

There were no major events occurred after the reporting date which materially affect the financial statements for the year ended 31 March 2015.

Directors

The directors of the establishment as at 31 March 2015 were as follows:

Mr. Rakesh Shantilal Shah	Indian national
Mr. Pranav Sevanti Vora	American national

Independent auditor

PKF, Chartered Accountants, Dubai were appointed as independent auditor of the establishment for the year ended 31 March 2015. A resolution to re-appoint them for the year ending 31 March 2016 will be proposed at the forthcoming annual general meeting.

For and on behalf of the board of directors of

ADANI GLOBAL FZE



RAKESH SHANTILAL SHAH
DIRECTOR

3 May 2015

INDEPENDENT AUDITOR'S REPORT

The Shareholder

ADANI GLOBAL FZE

Report on the financial statements

We have audited the accompanying financial statements of **ADANI GLOBAL FZE**, which comprise the statement of financial position as at 31 March 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 4 to 26.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

continued...

INDEPENDENT AUDITOR'S REPORT

(continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **ADANI GLOBAL FZE** as at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

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



PKF

Dubai

United Arab Emirates

7 May 2015

ADANI GLOBAL FZE

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2015 AED '000	2014 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,306	7,623
Investment property	7	2,723	3,322
Non-current financial assets	8	3,504	4,080
		<u>12,533</u>	<u>15,025</u>
Current assets			
Inventories	9	15,912	7,952
Trade and other receivables	10	1,365,886	1,877,766
Amount due from a related party	11	1,357,463	586,763
Other current financial assets	12	65,544	57,777
Cash and cash equivalents	13	22,252	90,813
		<u>2,827,057</u>	<u>2,621,071</u>
Total assets		<u>2,839,590</u>	<u>2,636,096</u>
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	14	18,000	18,000
Retained earnings		2,158,967	2,061,145
		<u>2,176,967</u>	<u>2,079,145</u>
Non-current liabilities			
Long term borrowings	15	47	115
Provision for staff end-of-service benefits	16	836	714
		<u>883</u>	<u>829</u>
Current liabilities			
Short term borrowings	17	496,055	521,860
Trade and other payables	18	164,752	34,262
Other current financial liability	19	933	—
		<u>661,740</u>	<u>556,122</u>
Total liabilities		<u>662,623</u>	<u>556,951</u>
Total equity and liabilities		<u>2,839,590</u>	<u>2,636,096</u>

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

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

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

Authorised for issue by the directors on 3 May 2015.

For **ADANI GLOBAL FZE**


DIRECTOR

ADANI GLOBAL FZE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 AED '000	2014 AED '000
Revenue		2,118,427	2,380,755
Purchases of inventory		(1,986,726)	(2,193,315)
Changes in inventories		7,960	2,647
Gross profit		139,661	190,087
Other operating income	21	5,136	3,017
Staff costs	22	(8,436)	(5,312)
Depreciation	23	(3,534)	(3,347)
Other operating expenses	24	(14,360)	(24,051)
Interest income	25	647	645
Finance costs	26	(20,359)	(20,197)
Derivative financial instruments at fair value through profit or loss	19	(933)	--
PROFIT FOR THE YEAR		97,822	140,842
Other comprehensive income:			
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		97,822	140,842

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

ADANI GLOBAL FZE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share capital	Retained earnings	Total
	AED '000	AED '000	AED '000
Balance at 1 April 2013	18,000	1,920,303	1,938,303
Total comprehensive income for the year	--	140,842	140,842
Balance at 31 March 2014	18,000	2,061,145	2,079,145
Total comprehensive income for the year	--	97,822	97,822
Balance at 31 March 2015	18,000	2,158,967	2,176,967

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

ADANI GLOBAL FZE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	2015 AED '000	2014 AED '000
Cash flows from operating activities		
Profit for the year	97,822	140,842
Adjustments for:		
Depreciation of property, plant and equipment	2,935	2,748
Depreciation on investment property	599	599
Profit on disposals of property, plant and equipment	(4,284)	(14)
Interest income	(647)	(645)
Finance costs	20,359	20,197
Provision for end-of-service benefits	286	185
Changes in fair value of derivative financial instruments	933	--
	118,003	163,912
Increase in inventories	(7,960)	(2,647)
Decrease in trade and other receivables	511,941	274,453
(Decrease)/increase in trade and other payables	130,836	(16,278)
Staff end-of service benefits paid	(164)	(7)
Cash generated from operations	752,656	419,433
Interest paid	(20,705)	(20,099)
Net cash from operating activities	731,951	399,334
Cash flows from investing activities		
Payments for property, plant and equipment	(1,656)	(504)
Proceeds on disposals of property, plant and equipment	4,322	14
Decrease/ (increase) in non-current financial assets	524	(4,080)
Increase in current financial assets (net)	(7,767)	(6,089)
Interest received	638	641
Payments to a related party	(770,700)	(586,763)
Net cash used in investing activities	(774,639)	(596,781)
Cash flows from financing activities		
(Payments of)/proceeds from trust receipts (net)	(21,618)	266,003
(Payments of)/proceeds from acceptances (net)	(4,164)	4,164
Payments of vehicle loans (net)	(91)	(122)
Decrease in amounts due to a related party	--	(866)
Net cash (used in)/from financing activities	(25,873)	269,179
Net (decrease)/increase in cash and cash equivalents	(68,561)	71,732
Cash and cash equivalents at beginning of year	90,813	19,081
Cash and cash equivalents at end of year (note 13)	22,252	90,813

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

1. LEGAL STATUS AND BUSINESS ACTIVITY

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

2. BASIS OF PREPARATION

a) **Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2014, and the requirements of Implementing Regulations issued by the Jebel Ali Free Zone Authority.

b) **Basis of measurement**

The financial statements are prepared using historical cost.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Standards and interpretations effective for the current year

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

- **Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities**
The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

New and revised IFRSs in issue but not yet effective

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

- Annual Improvements 2010–2012 Cycle (1 July 2014)
 - IFRS 13: Fair value measurement: Short-term receivables and payables
The amendment to IFRS 13 clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the company.
 - IAS 24: Related Party Disclosures: Key management personnel
Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- Annual Improvements 2011-2013 cycle (1 July 2014)
 - IFRS 13: Fair Value Measurement: Scope of paragraph 52 (portfolio exception)
Clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
 - IAS 40: Investment Property: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.
Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.
- IFRS 9: Financial instruments: (1 January 2018)
IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

- Amendments to IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets: 'Clarification of Acceptable Methods of Depreciation and Amortisation (1 January 2016)
The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. The amendments to IAS 16 prohibit entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of intangible asset. This presumption can only be rebutted in very limited circumstances.
- IFRS 15: Revenue from Contracts with Customers (1 January 2017)
The International Accounting Standard Board (IASB) has published its new revenue Standard, IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

d) **Functional and presentation currency**

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

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

a) **Property, plant and equipment**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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

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

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

b) Investment property

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

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

c) Inventories

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

d) Staff end-of-service benefits

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

e) Revenue

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

Sale of goods

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that significant risks and rewards of ownership have been transferred to the buyer. The sales are on trans-shipment basis, i.e. the supplier ships goods directly to the customers.

f) Rental income

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

g) **Leases**

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

h) **Foreign currency transactions**

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

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

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

i) **Provisions**

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

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

j) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument and the amounts shown are rounded to the nearest thousands, unless otherwise stated.

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

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

Derivative financial instruments

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

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

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

Financial assets***Loans and receivables******Non-current receivables***

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

Trade and other receivables

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

Related party receivables

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

Other current financial assets

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

Cash and cash equivalents

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

Financial liabilities***At amortised cost******Trade and other payables***

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

Interest-bearing liabilities

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

Equity

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

Impairment of financial assets

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

Offsetting

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

k) **Fair value measurement**

The establishment discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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

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

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

Investment property

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

Investment property is stated using the cost model.

Investments in quoted instruments

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

Impairment

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

5. **KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

Carrying values of property, plant and equipment and investment property

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**
Inventory provisions

Management regularly undertakes a review of the establishment's inventory, stated at AED 15,912,125 (previous year AED 7,952,492) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment of loans and receivables

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

Impairment

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

Staff end-of-service benefits

The establishment computes the provision for the liability to staff end-of-service benefits stated at AED 836,599 (previous year AED 714,424), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

6. PROPERTY, PLANT AND EQUIPMENT

	Building, office units and apartments ^(a,b)	Furniture, fixtures and office equipment	Motor vehicles ^(c)	Total
	AED '000	AED '000	AED '000	AED '000
Cost				
At 1 April 2013	7,411	9,016	1,377	17,804
Additions	---	372	132	504
Disposals	---	---	(45)	(45)
At 31 March 2014	7,411	9,388	1,464	18,263
Additions	---	639	1,017	1,656
Disposals	(885)	---	(467)	(1,352)
At 31 March 2015	6,526	10,027	2,014	18,567
Accumulated depreciation				
At 1 April 2013	4,012	3,075	850	7,937
Depreciation	979	1,526	243	2,748
Adjustment on disposals	---	---	(45)	(45)
At 31 March 2014	4,991	4,601	1,048	10,640
Depreciation	897	1,559	479	2,935
Adjustment on disposals	(885)	---	(429)	(1,314)
At 31 March 2015	5,003	6,160	1,098	12,261
Carrying amount				
At 1 April 2013	3,399	5,941	527	9,867
At 31 March 2014	2,420	4,787	416	7,623
At 31 March 2015	1,523	3,867	916	6,306

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

a) Building, office units and apartments include:

- Eight units of residential apartments with cost AED 3,510,000 and net book value AED 232,574 (previous year AED 3,510,000 and AED 677,656 respectively) in the International City, Dubai.
- Four office units with cost AED 3,015,880 and net book value AED 1,289,486 (previous year AED 3,015,880 and AED 1,741,868 respectively) in Jumeirah Business Center - 5, Dubai.

b) Building with cost AED 884,864 and net book value AED Nil constructed on land leased from the Government of Dubai was disposed in the current year.

c) Vehicles with cost of AED 405,000 and carrying amount of AED 20,090 (previous year AED 405,000 and AED 148,291 respectively) provide security for vehicle loans.

7. INVESTMENT PROPERTY

	Freehold land ^(a) AED '000	Residential apartment ^(b) AED '000	Total AED '000
Cost			
At 1 April 2013, 31 March 2014 and 31 March 2015	1,223	3,992	5,215
Accumulated depreciation			
At 1 April 2013	--	1,294	1,294
Depreciation	--	599	599
At 31 March 2014	--	1,893	1,893
Depreciation	--	599	599
At 31 March 2015	--	2,492	2,492
Carrying amount			
At 1 April 2013	1,223	2,698	3,921
At 31 March 2014	1,223	2,099	3,322
At 31 March 2015	1,223	1,500	2,723

a) Freehold land represents plot purchased at Al Barsha South Fourth, Dubai. The land is in the name of a third party held in trust on behalf of the establishment.

b) Residential apartment represents penthouse at Zen Tower, Dubai Marina, Dubai.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 AED '000	2014 AED '000
8. NON-CURRENT FINANCIAL ASSETS		
Total loan	4,080	4,604
Less: classified as short term (note 10)	(576)	(524)
	<u>3,504</u>	<u>4,080</u>

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

9. INVENTORIES		
Goods held for sale	<u>15,912</u>	<u>7,952</u>
10. TRADE AND OTHER RECEIVABLES		
Trade receivables	1,327,941	1,367,068
Advances to suppliers	19,509	493,628
Advances to directors	5,466	6,856
Other advances	549	356
Accrued interest	194	185
Prepayments	1,311	1,082
Deposits	124	114
Loan to a third party	576	524
Other receivables	10,216	7,953
	<u>1,365,886</u>	<u>1,877,766</u>

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

0 – 60 days	70,016	249,490
61 – 180 days	349,219	384,206
Over 180 days	<u>80,929</u>	<u>16,865</u>
Trade receivables not past due and not impaired	<u>827,777</u>	<u>716,507</u>

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

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

11. RELATED PARTIES

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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

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

	Fellow subsidiaries	Directors	Total 2015	Total 2014
	AED '000	AED '000	AED '000	AED '000
Included in trade and other receivables	15,190	5,466	20,656	
	439,306	6,856		446,162
Included in trade and other payables	--	--	--	
	68	--		68
Due from a related party	1,357,463	--	1,357,463	
	586,763	--		586,763
Guarantees given	550,500	--	550,500	
	550,500	--		550,500

All balances are unsecured and are expected to be settled in cash except for guarantees given. Repayment and other terms are set out in note 27.

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

	Fellow subsidiaries	Directors	Total 2015	Total 2014
	AED '000	AED '000	AED '000	AED '000
Sales	132,068	--	132,068	--
	260	--		260
Purchases	80	--	80	--
	6,160	--		6,160
Vessel management income	--	--	--	--
	1,101	--		1,101
Remuneration and expenses	--	2,447	2,447	--
	--	2,256		2,256

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

	2015 AED '000	2014 AED '000
12. OTHER CURRENT FINANCIAL ASSETS		
Fixed deposits	45,477	37,710
Margin deposits	20,067	20,067
	<u>65,544</u>	<u>57,777</u>

Fixed deposits and margin deposits are held under lien with banks as security for bank facilities availed (note 17) and letters of guarantee issued (note 29).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 AED '000	2014 AED '000
13. CASH AND CASH EQUIVALENTS		
Cash on hand	42	140
Bank balances:		
Current accounts	22,079	89,936
Call deposits	131	737
	<u>22,252</u>	<u>90,813</u>
14. SHARE CAPITAL		
Issued and paid up		
18 fully paid shares of AED 1,000,000 each	<u>18,000</u>	<u>18,000</u>
15. LONG TERM BORROWINGS		
Vehicle loans	115	206
Less: Current portion (note 17)	(68)	(91)
	<u>47</u>	<u>115</u>

An analysis by bank of amounts outstanding is as follows:

Dubai Islamic Bank	--	34
Emirates NBD	47	81
	<u>47</u>	<u>115</u>

Vehicle loans are secured upon the related vehicles having a cost of AED 405,000 and carrying amount of AED 20,090 (previous year AED 405,000 and AED 148,291 respectively).

A maturity analysis of total bank borrowings is as follows:

0 – 1 month	69,848	113,524
1 – 3 months	426,162	340,379
3 months – 1 year	45	67,957
Presented as current liabilities (note 17)	496,055	521,860
1 year – 5 years	47	115
Total	<u>496,102</u>	<u>521,975</u>
16. PROVISION FOR STAFF END-OF-SERVICE BENEFITS		
Opening balance	714	536
Provision for the year	286	185
Paid during the year	(164)	(7)
Closing balance	<u>836</u>	<u>714</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 AED '000	2014 AED '000
17. SHORT TERM BORROWINGS		
Trust receipts	495,987	517,605
Acceptances	--	4,164
Current portion of vehicle loans (note 15)	68	91
	<u>496,055</u>	<u>521,860</u>

An analysis by bank of amounts outstanding is as follows:

First Gulf Bank	34,968	80,075
Axis Bank Ltd	187,700	135,756
United Bank Limited	76,429	110,487
Bank of Baroda	34,003	35,597
Dubai Islamic Bank	--	58
Emirates NBD	8,273	21,438
Punjab National Bank	49,656	37,964
Banque de Commerce et de Placements	105,026	100,485
	<u>496,055</u>	<u>521,860</u>

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

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

18. TRADE AND OTHER PAYABLES		
Trade payables	162,327	29,565
Accruals	992	3,275
Interest payable	570	916
Advances from customers	844	462
Rental advances and deposits	19	44
	<u>164,752</u>	<u>34,262</u>

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

19. OTHER CURRENT FINANCIAL LIABILITY		
Derivative financial instruments	933	--

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

At the reporting date, the entity held commodity forward contracts. Under the terms of the forward contracts, the entity will buy 9,900 metric tons of bunkers at forward price of USD 344.916 per metric ton.

At the reporting date, loss on the derivative instruments amounted to AED 933,000 (previous year AED Nil).

20. MANAGEMENT OF CAPITAL

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

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

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

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

	2015 AED '000	2014 AED '000
21. OTHER OPERATING INCOME		
Profit on disposal of property, plant and equipment (net)	4,284	14
Credit balances written back	396	1,274
Rental income	438	383
Net exchange gains	--	9
Vessel management fees	--	1,101
Other income	18	236
	5,136	3,017
22. STAFF COSTS		
Staff salaries and benefits	8,150	5,127
Staff end-of-service benefits	286	185
	8,436	5,312

ADANI GLOBAL FZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 AED '000	2014 AED '000
23. DEPRECIATION		
On property, plant and equipment (note 6)	2,935	2,748
On investment property (note 7)	599	599
	3,534	3,347
24. OTHER OPERATING EXPENSES		
Operating lease expenses	224	250
Directors' remuneration	2,401	2,256
Bad debts	--	4,679
Commission to agents	429	4,606
Professional fees	5,183	6,421
Other expenses	6,123	5,839
	14,360	24,051
25. INTEREST INCOME		
On bank deposits	488	610
On customer balances	159	35
	647	645
26. FINANCE COSTS		
On bank borrowings	16,273	15,519
Bank charges	4,086	4,678
	20,359	20,197

27. FINANCIAL INSTRUMENTS

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

	Loans and receivables		At fair value through profit or loss		At amortised cost	
	2015 AED 000's	2014 AED 000's	2015 AED 000's	2014 AED 000's	2015 AED 000's	2014 AED 000's
Non-current financial assets	3,504	4,080	--	--	--	--
Trade and other receivables	1,345,066	1,383,056	--	--	--	--
Amount due from a related party	1,357,463	586,763	--	--	--	--
Other current financial assets	65,544	57,777	--	--	--	--
Cash and cash equivalents	22,252	90,813	--	--	--	--
Long term borrowings	--	--	--	--	47	115
Short term borrowings	--	--	--	--	496,055	521,860
Trade and other payables	--	--	--	--	163,905	33,770
Amount due to a related party	--	--	--	--	--	--
Other current financial liability	--	--	933	--	--	--
	2,793,829	2,122,489	933	--	660,007	555,745

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

Management of risks

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

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

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

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

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

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

Exposures to the aforementioned risks are detailed below:

Credit risks

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

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

Non-current loans, trade and other receivables and amount due from a related party are stated net of the allowance for doubtful recoveries. At the reporting date, the above receivables comprise balances due from parties located in Asia, Middle East, Australia and British Virgin Islands and engaged in the business of coal and metal scrap. All significant trade receivable balances are secured by way of undated security cheques issued by the customers in favour of the establishment.

At the reporting date 100% of related party receivables were due from a fellow subsidiary company situated in Australia (previous year 100% due from a fellow subsidiary company situated in Australia).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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

	2015 AED '000	2014 AED '000
Asian countries	--	700
Other GCC countries	--	125
European countries	107	924

Currency risk

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

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

Interest rate risk

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

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 4,299,664 higher or lower (previous year AED 3,787,004) resulting in equity being lower or higher by such amount.

Fair values

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the establishment's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values except for long term loan to a third party which due to its terms, has fair value lower than its carrying value.

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

	Level 1		Level 2		Level 3		Total	
	2015 AED '000	2014 AED '000	2015 AED '000	2014 AED '000	2015 AED '000	2014 AED '000	2015 AED '000	2014 AED '000
Derivative financial instruments	933	--	--	--	--	--	933	--

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

28. OPERATING LEASE COMMITMENTS

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

	2015 AED '000	2014 AED '000
Not later than one year	180	216
Between one and five years	729	729
Later than five years	495	674

29. CONTINGENT LIABILITIES

Letters of guarantee	249	249
Unutilised balances of commercial letters of credit	80,806	129,988

For ADANI GLOBAL FZE



DIRECTOR