

ADANI GLOBAL FZE

Financial statements and reports
Year ended 31 March 2019

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors have pleasure in submitting the financial statements of Adani Global FZE (the "Establishment"), Jebel Ali, Dubai for the year ended 31 March 2019.

Turnover, profit and dividend

The turnover of the Establishment for the year ended 31 March 2019, amounted to AED 7,203,983,784 as compared to AED 7,173,547,680 in the previous year. The directors are confident of achieving further growth, both in volume of business and profitability in the coming years.

The profit for the year amounted to AED 52,117,750. The directors do not recommend any dividend for the year ended 31 March 2019.

Business activity

The Establishment's principal activity during the year was trading in coal, metal scrap and metal waste products.

Events during the year

There are no significant events since end of the year.

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 2019.

Directors

The directors of the Establishment as at 31 March 2019 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 2019. A resolution to re-appoint them for the year ending 31 March 2020 will be proposed at the forthcoming annual general meeting.

For and on behalf of the board of directors of
ADANI GLOBAL FZE



PRANAV SEVANTI VORA
DIRECTOR

12 May 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of **ADANI GLOBAL FZE**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ADANI GLOBAL FZE** (the "Establishment"), which comprise the statement of financial position as at 31 March 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Establishment as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1(d) to the financial statements which states that these financial statements are the separate financial statements of **ADANI GLOBAL FZE**. The consolidated financial statements of **ADANI GLOBAL FZE** and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements, are presented separately. Our opinion is not modified in this respect.

Other Information

Management is responsible for the other information. Other information comprises the Directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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INDEPENDENT AUDITOR'S REPORT

(continued)

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 on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016, 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.

In preparing the financial statements, management is responsible for assessing the Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Establishment's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- 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 Establishment's internal control.

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INDEPENDENT AUDITOR'S REPORT

(continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Establishment'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 Establishment to cease to continue as a going concern.
- 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 gives a true and fair view.

We communicate with those charged with governance 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 Requirements

We confirm that the financial statements comply with Jebel Ali Free Zone Companies Implementing Regulations 2016. 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
19 May 2019



ADANI GLOBAL FZE

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019 AED '000	2018 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	6	354	641
Investment property	7	---	—
Investment in subsidiary	8	1,000	1,000
		<u>1,354</u>	<u>1,641</u>
Current assets			
Trade and other receivables	9	2,065,583	2,902,132
Other current assets	10	19,662	21,712
Amounts due from a related party	11	1,964,296	1,854,680
Other financial assets	12	30,788	46,460
Cash and cash equivalents	13	78,830	47,497
		<u>4,159,159</u>	<u>4,872,481</u>
Total assets		<u>4,160,513</u>	<u>4,874,122</u>
EQUITY AND LIABILITIES			
Shareholder's equity funds			
Share capital	14	16,600	16,600
Retained earnings		<u>2,175,893</u>	<u>2,123,775</u>
		<u>2,192,493</u>	<u>2,140,375</u>
Non-current liabilities			
Provision for staff end-of-service benefits	15	<u>161</u>	<u>144</u>
Current liabilities			
Short-term borrowings	16	172,453	349,339
Trade and other payables	17	1,695,433	2,297,771
Other current liabilities	18	128	214
Amounts due to a related party	11	90,754	86,015
Other financial liabilities	19	9,091	264
		<u>1,967,859</u>	<u>2,733,603</u>
Total liabilities		<u>1,968,020</u>	<u>2,733,747</u>
Total equity and liabilities		<u>4,160,513</u>	<u>4,874,122</u>

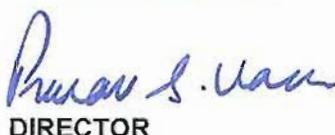
The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2 to 4.

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.

Approved and authorised for issue by the directors on 12 May 2019 and signed on their behalf by Mr. Pranav Sevanti Vora.

For **ADANI GLOBAL FZE**



DIRECTOR

ADANI GLOBAL FZE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 AED '000	2018 AED '000
Revenue	21	7,203,984	7,173,548
Purchases of inventory		(7,036,920)	(7,086,078)
Changes in inventories		--	--
Gross profit		167,064	87,470
Other operating income	22	305	13,481
Staff costs	23	(357)	(1,459)
Depreciation	24	(316)	(1,250)
Other operating expenses	25	(38,643)	(17,002)
Interest income	26	532	761
Finance costs	27	(62,735)	(36,951)
Changes in fair value of derivative financial instruments (net)		(13,732)	3,608
PROFIT FOR THE YEAR		52,118	48,658
Other comprehensive income:			
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		52,118	48,658

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

ADANI GLOBAL FZE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Retained earnings	Total
	AED '000	AED '000	AED '000
Balance at 1 April 2017	18,000	2,236,544	2,254,544
Reduction of share capital (note 14)	(1,400)	(161,427)	(162,827)
Total comprehensive income for the year	--	48,658	48,658
Balance at 31 March 2018	16,600	2,123,775	2,140,375
Total comprehensive income for the year	--	52,118	52,118
Balance at 31 March 2019	16,600	2,175,893	2,192,493

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

ADANI GLOBAL FZE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	2019 AED '000	2018 AED '000
Cash flows from operating activities		
Profit for the year	52,118	48,658
Adjustments for:		
Depreciation of property, plant and equipment	316	948
Depreciation on investment property	--	302
Allowance for expected credit losses against trade receivables	105	--
Provision for impairment of advance to suppliers	4,868	--
Interest income	(532)	(761)
Finance costs	62,735	36,951
Provision for end-of-service benefits	17	15
Changes in fair value of derivative financial instruments	13,732	(3,608)
Profit on disposals of property, plant and equipment	(110)	(20)
	<u>133,249</u>	<u>82,485</u>
Changes in:		
- Trade and other receivables	836,241	-735,682
- Other current assets	(2,818)	8,743
- Trade and other payables	(601,314)	1,425,690
- Other current liabilities	(86)	(94,889)
Cash generated from operations	<u>365,272</u>	<u>686,347</u>
Interest paid	<u>(63,759)</u>	<u>(36,963)</u>
Net cash from operating activities	<u>301,513</u>	<u>649,384</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(29)	(209)
Proceeds on disposals of property, plant and equipment	110	20
Investment in subsidiary	--	(1,000)
Decrease in other financial assets (net)	15,672	7,613
Interest received	735	566
Payments to related parties (net)	(109,616)	(222,364)
(Decrease)/increase in derivative financial assets/ liabilities	(4,905)	12,416
Net liabilities transferred to a related party	--	(249,113)
Net cash used in investing activities	<u>(98,033)</u>	<u>(452,071)</u>
Cash flows from financing activities		
Payments of trust receipts (net)	(176,886)	(176,269)
Receipts from a related party (net)	4,739	1,435
Net cash used in financing activities	<u>(172,147)</u>	<u>(174,834)</u>
Net increase in cash and cash equivalents	<u>31,333</u>	<u>22,479</u>
Cash and cash equivalents at beginning of year	<u>47,497</u>	<u>25,018</u>
Cash and cash equivalents at end of year (note 13)	<u>78,830</u>	<u>47,497</u>

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 to 4.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. LEGAL STATUS AND BUSINESS ACTIVITY

- a) **ADANI GLOBAL FZE** (the "Establishment") with license No. 1947 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 (repealed by Jebel Ali Free Zone Companies Implementing Regulations 2016) issued by Jebel Ali Free Zone Authority. The registered office is P. O. Box 17186, Dubai, UAE.
- b) 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".
- c) The Establishment principally traded in coal, metal scrap and metal finished products during the year.
- d) These financial statements are the separate financial statements of the Establishment presented only for the purpose of reporting to the shareholder. The consolidated financial statements of the Establishment and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements, are presented separately.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2018, and the requirements of Jebel Ali Free Zone Companies Implementing Regulations 2016.

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) Going concern

The financial statements are prepared on a going concern basis.

When preparing financial statements, management makes an assessment of the Establishment's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Establishment or to cease operation or has no realistic alternative but to do so.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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

Standards and interpretations effective for the current period

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:

- IFRS 9: Financial instruments
- IFRS 15: Revenue from Contracts with Customers

The impact of adoption of these standards and the new accounting policies are explained below in more detail:

IFRS 9: Financial instruments

Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

Changes in accounting policies resulting from the adoption of IFRS 9 have not resulted in any material impact on opening balances of retained earnings or equity as of 1 January 2018.

(i) **Classification and measurement**

On the date of initial application of IFRS 9, i.e. 1 January 2018, the Establishment's management has assessed which business models apply to the financial assets held by the Establishment and has classified its financial instruments into the appropriate IFRS 9 categories. Management has concluded that there is no material reclassification of financial assets other than disclosed below.

Financial assets	Original classification under IAS 39	New classification under IFRS 9
Trade and other receivables	Loans and receivables	Amortised cost
Amounts due from related parties	Loans and receivables	Amortised cost
Other financial assets	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

The adoption of IFRS 9 has not resulted in any change in classification or measurement of financial liabilities.

(ii) **Impairment of financial assets**

The Establishment has the following types of financial assets that are subject to IFRS 9's new Expected Credit Loss (ECL) model:

- Trade and other receivables
- Amounts due from related parties
- Other financial assets
- Cash and cash equivalents

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

For trade receivables, the Establishment has applied simplified approach permitted by IFRS 9. Further, the simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected losses, trade receivables have been grouped based on credit risk characteristics and past dues. The impact of adoption of new ECL model on the Establishment's opening retained earnings was immaterial.

For other financial assets, cash and cash equivalents, amount due from related parties and other receivables, the Establishment has applied 12-month ECL model and the identified impairment loss was immaterial.

Derivatives and hedging

IFRS 9 introduces a new hedge accounting model that expands the scope of hedged items and risks eligible for hedge accounting and aligns hedge accounting more closely with risk management. The new model no longer specifies quantitative measures for effectiveness testing and does not permit hedge de-designation. As a result the 80-125% range under IAS 39 is replaced by an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship.

IFRS 9 also introduces rebalancing of hedging relationships, whereby, if a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio under IFRS 9, but the risk management objective for that designated hedging relationship remains the same, the Entity shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

Gains and losses arising from changes in the fair value of derivatives that are not the hedging instrument in a qualifying hedge are recognised as they arise in profit or loss. Gains and losses are recorded in 'income from trading activities' except for gains and losses on those derivatives that are managed together with financial instruments designated at fair value; these gains and losses are included in 'other operating income'.

IFRS 9 accounting policies

The application of the new standard required the management to apply the new accounting policies, which are summarised in note 3(o) to the financial statements under significant accounting policies.

IFRS 15: Revenue from contracts with customers**Impact of adoption**

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in scope of other standards. The new standard established a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange of transferring goods or services to customers.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

The standard requires the Establishment to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining contract and the costs directly related to fulfilling a contract.

The Establishment has adopted IFRS 15 using the cumulative effect method (without practical expedients), in which the effect of initially applying this standard are recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Changes in accounting policies resulting from the adoption of IFRS 15 have not resulted in any material impact on the opening balance of retained earnings/equity as of 1 April 2018.

IFRS 15 accounting policies

The application of the new standard required the management to apply the new accounting policies, which are summarised in note 3(f) to the financial statements under significant accounting policies.

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.

- **IFRS 16: Leases (1 January 2019)**
IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases – Initiatives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Under this revised guidance, leases will be brought onto the lessee's statement of financial position, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for lease classification test.

The revised guidance has an increased focus on who controls the asset and may change which contracts are leases.

The above standard is currently being assessed by the management to determine any material impact on the financial statements.

e) Functional and presentation currency

The Establishment's functional currency is US Dollar based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency. However, the financial statements are presented in UAE Dirhams ("AED") which is the currency of the country of domicile of the Establishment and the amounts presented 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:

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.

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

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

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

b) Investment property

Residential apartments acquired for the purpose of earning rental income and/ or capital appreciation are classified as investment property and are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated using the straight-line method over the expected useful lives of the properties of 6 - 7 years.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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

c) Investment in subsidiaries

Subsidiaries are entities over which the Establishment exercises control. Control is achieved when the Establishment is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in subsidiaries is accounted at cost less impairment losses, if any. Consolidated financial statements of the parent and its subsidiary are prepared separately.

d) 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 realisable value is based on estimated selling price less any estimated cost of disposal.

e) 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.

f) Revenue from contract with customers

The Establishment is in the business of trading in coal, metal scrap and metal finished products.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Establishment expects to be entitled in exchange for those goods or services.

The Establishment recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Recognise revenue when (or as) the Company satisfies a performance obligation at a point in time or over time.

The Establishment satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs; or
- The Establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Establishment's performance does not create an asset with an alternative use to the Establishment and the Establishment has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Establishment is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Sale of goods

The sales are high sea sales, i.e. the supplier ships goods directly to the customers. The Establishment has concluded that revenue from sale of goods should be recognised at a point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

g) ***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.

h) ***Current versus non-current classification***

The Establishment presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Establishment classifies all other liabilities as non-current.

i) **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.

j) **Interest income**

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

k) **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.

l) **Borrowing costs**

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

m) **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.

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

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

n) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, effective from January 1, 2018, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Establishment is required to file its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment.

o) **Financial instruments**

IFRS 9 contains three principal classification categories for financial assets - i.e. measured at: amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The existing IAS 39 categories of held-to-maturity, loans and receivables, and available-for-sale are removed.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Classification

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets depends on the Establishment's business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows that whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Management determines the classification of its investment at initial recognition.

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at FVTPL or at amortised cost. The Establishment determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Establishment becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Establishment commits to purchase or sell the asset.

Derecognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Establishment has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Establishment has transferred substantially all the risks and rewards of the asset, or
 - (b) the Establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Establishment may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at fair value through other comprehensive income on initial recognition) using the effective interest method. All other financial assets are subsequently measured at fair value.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

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Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of current borrowings, trade and other payables and amounts due to related parties.

Financial liabilities at FVTPL consists of derivative financial liabilities.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. However, for financial liabilities that are designated at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effect of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Impairment of financial assets

IFRS 9 Replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than IAS 39.

The Establishment recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The financial assets at amortised cost comprise of trade and other receivables, amounts due from related parties, other financial assets and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following basis:

- 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

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The Establishment measures the loss allowance at an amount equal to lifetime ECLs, except for the following which are measured as 12-month ECLs:

- Bank balances, amounts due from related parties and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Establishment has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Establishment applies a simplified approach in calculating expected credit losses. The Establishment does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Establishment has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The Establishment assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Establishment considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Establishment to actions such as realising security (if any is held); or
- The financial asset is more than 180 days past due.

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

At each reporting date, the Establishment assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. For financial assets carried at FVTOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

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.

Equity

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

p) Derivatives held for risk management purposes and hedge accounting

Hedging instruments include hedging for commodity trading. The Entity utilises this instrument to satisfy the requirements of its customers, for proprietary trading purposes and to hedge its own exposure to currency risk.

Where there is a hedging relationship as defined by IAS 39 (before 1 January 2018) between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value, with any resultant gains and losses being accounted as set out below.

The fair value of derivative hedging instruments is calculated in the same way as the fair value of financial instruments.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Entity designates certain derivatives as either:

- Hedges of the exposure to changes in fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge); or
- Hedge of net investment in a foreign operation.

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

Fair value hedge

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

q) Fair value measurement

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

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

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

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

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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:

- 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:

**NOTES TO THE FINANCIAL STATEMENTS
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Investment property

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

Investment property is stated using the cost model.

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Establishment's business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment, intangible assets and investment property 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.

The Establishment applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

Recognition of revenue and allocation of transaction price*Identification of performance obligations*

The Establishment determined that the *sale of goods* is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods being sold.

Determine timing of satisfaction of performance obligation

The Establishment concluded that the revenue from sales of goods is to be recognised at a point in time when the control of the goods has transferred to the customers.

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.

Impairment

Assessments of net recoverable amounts of property, plant and equipment, intangible assets, 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.

NOTES TO THE FINANCIAL STATEMENTS
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Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3(o).

Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 160,913 (previous year AED 144,131), 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

	Office units and residential apartments ^(a)	Furniture, fixtures and office equipment	Vehicles	Total
	AED '000	AED '000	AED '000	AED '000
Cost				
At 1 April 2017	5,866	8,591	1,972	16,429
Additions	—	171	38	209
Disposals	—	—	(94)	(94)
Transfer to a related party	(3,016)	—	—	(3,016)
At 31 March 2018	2,850	8,762	1,916	13,528
Additions	—	29	—	29
Disposals	—	—	(542)	(542)
At 31 March 2019	<u>2,850</u>	<u>8,791</u>	<u>1,374</u>	<u>13,015</u>
Accumulated depreciation				
At 1 April 2017	5,397	7,593	1,827	14,817
Depreciation	206	610	132	948
Adjustments on disposals	—	—	(94)	(94)
Transfers to a related party	(2,784)	—	—	(2,784)
At 31 March 2018	2,819	8,203	1,865	12,887
Depreciation	31	248	37	316
Adjustment on disposals	—	—	(542)	(542)
At 31 March 2019	<u>2,850</u>	<u>8,451</u>	<u>1,360</u>	<u>12,661</u>
Carrying amount				
At 1 April 2017	469	998	145	1,612
At 31 March 2018	31	559	51	641
At 31 March 2019	<u>—</u>	<u>340</u>	<u>14</u>	<u>354</u>

- (a) Office units and residential apartments include six units of staff residential apartments with cost AED 2,850,000 and carrying value AED Nil (previous year AED 2,850,000 and AED 30,553 respectively) in the International City, Dubai.

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7. INVESTMENT PROPERTY

	Residential apartment ^(a) AED '000
Cost	
At 1 April 2017, 31 March 2018 and 31 March 2019	<u>3,992</u>
Accumulated depreciation	
At 1 April 2017	3,690
Depreciation	302
At 31 March 2018 and 31 March 2019	<u>3,992</u>
Carrying amount	
At 1 April 2017	302
At 31 March 2018 and at 31 March 2019	<u>--</u>

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

8. INVESTMENT IN SUBSIDIARY

1,000 fully paid shares of AED 1,000 each in Adani Global DMCC (a limited liability company registered in DMCC, Dubai, United Arab Emirates).

2019 AED '000	2018 AED '000
<u>1,000</u>	<u>1,000</u>

The nature of investments in subsidiaries held by the establishment are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Registered proportion (%) of ownership interest
			2019 2018
Adani Global DMCC ^(a)	Trading in solar energy systems and components, refined oil products, coal & firewood, metal ores, scrap and waste, ghee and vegetable oil, jewelry, pearls and precious stones and non-manufactured precious metals.	United Arab Emirates	100 100
			2019 2018 AED '000 AED '000
9. TRADE AND OTHER RECEIVABLES			
Trade receivables		2,048,923	2,893,776
Less: Allowance for expected credit losses		(390)	(285)
		<u>2,048,533</u>	<u>2,893,491</u>
Advances to directors		5,726	6,029
Other advances		71	87
Accrued interest		228	431
Deposits		97	94
Other receivables		10,928	2,000
		<u>2,065,583</u>	<u>2,902,132</u>

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A reconciliation of the movements in the allowance for expected credit losses on trade receivables account is as follows:

	2019 AED '000	2018 AED '000
At 1 January (under IAS 39)	285	--
Adjustment for initial application of IFRS 9	--	--
At 1 January (under IFRS 9)	285	--
Provision made during the year	105	285
At 31 December	390	285

- The Establishment holds letters of credit in favour of the Establishment as security against certain trade receivables.
- Trade receivables are assigned to bank as security against bank facilities (note 16).

10. OTHER CURRENT ASSETS

Advances to suppliers	26,904	27,301
Less: Provision for impairment of advance to suppliers	(11,970)	(7,102)
	14,934	20,199
Prepayments	4,032	1,485
VAT receivable (net)	696	28
	19,662	21,712

A reconciliation of the movements in the Provision for impairment of advance to suppliers account is as follows:

At 1 January	7,102	7,102
Provision made during the year	4,868	--
At 31 December	11,970	7,102

11. RELATED PARTIES

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

Related parties comprise parent company, ultimate parent company, subsidiaries, fellow subsidiaries, companies under common management control and directors.

**NOTES TO THE FINANCIAL STATEMENTS
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At the reporting date, significant balances with related parties were as follows:

	Ultimate parent company	Subsidiary company	Fellow subsidiaries	Directors	Companies under common management control	Total 2019	Total 2018
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Included in trade and other receivables	394,348	--	1,989	5,726	671,530	1,073,593	
	277,538	--	385	6,029	1,539,396		1,823,348
Included in trade and other payables	--	--	216,377	--	4	216,381	
	--	--	577,667	--	4		577,671
Due from a related party	--	--	1,964,296	--	--	1,964,296	
	--	--	1,854,680	--	--		1,854,680
Due to a related party	--	--	90,754	--	--	90,754	
	--	86,015	--	--	--		86,015

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

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

	Ultimate parent company	Subsidiary company	Fellow subsidiaries	Directors	Companies under common management control	Total 2019	Total 2018
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Sales	1,497,601	--	1,467,140	--	1,644,319	4,609,060	
	446,742	--	2,181,790	--	1,688,070		4,316,602
Professional fee expenses	--	5,176	--	--	--	5,176	
	--	2,458	--	--	--		2,458
Purchases of goods and services	--	--	1,703,991	--	--	1,703,991	
	--	--	843,131	--	--		843,131
Remuneration and expenses	--	--	--	2,764	--	2,764	
	--	--	--	2,757	--		2,757
Included in other income	--	--	--	--	--	--	
	--	--	12,794	--	--		12,794
Finance costs	--	4,686	--	--	--	4,686	
	--	--	--	--	--		--

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

**NOTES TO THE FINANCIAL STATEMENTS
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	2019 AED '000	2018 AED '000
12. OTHER CURRENT FINANCIAL ASSETS		
Financial assets at amortised cost:		
- Fixed deposits ^(a)	22,832	41,385
- Margin deposits ^(a)	7,956	5,075
	<u>30,788</u>	<u>46,460</u>

(a) Fixed deposits and margin deposits are held under lien with banks as security for bank facilities availed (note 16) and letters of guarantee issued (note 30).

13. CASH AND CASH EQUIVALENTS		
Cash on hand	15	19
Bank balances in:		
Current accounts	78,046	47,293
Call deposits	769	185
	<u>78,830</u>	<u>47,497</u>

14. SHARE CAPITAL		
Issued and paid up		
166 fully paid shares of AED 100,000 each held by Adani Global Limited, Mauritius.	<u>16,600</u>	<u>16,600</u>

The establishment was registered in 1997 with a share capital of AED 18 million (18 shares of AED 1,000,000 each). Vide an amendment to the memorandum of association, notarised on 7 November 2017 the Establishment repurchased 14 shares at a consideration of AED 162,827,068 (equivalent to USD 44,367,048). The consideration was settled out of:

	AED
Share capital	1,400,000
Retained earnings	161,427,068
	<u>162,827,068</u>

	2019 AED '000	2018 AED '000
15. PROVISION FOR STAFF END-OF-SERVICE BENEFITS		
Opening balance	144	791
Provision for the year	17	15
Transferred to a related party	--	(662)
Closing balance	<u>161</u>	<u>144</u>
16. SHORT-TERM BORROWINGS		
Trust receipts	<u>172,453</u>	<u>349,339</u>

**NOTES TO THE FINANCIAL STATEMENTS
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An analysis by bank of amounts outstanding is as follows:

	2019 AED '000	2018 AED '000
First Gulf Bank	—	42,261
Axis Bank Ltd	8,120	123,021
United Bank Limited	—	48,240
Habib Bank	37,502	—
Emirates NBD	86,110	80,750
Punjab National Bank	40,721	55,067
	<u>172,453</u>	<u>349,339</u>

A maturity analysis of total bank borrowings is as follows:

0 – 1 month	32,141	170,908
1 – 3 months	73,617	125,688
3 months – 1 year	66,695	52,743
	<u>172,453</u>	<u>349,339</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/deposits held under lien against facilities
- Assignment of receivables
- Assignment of all insurance policies
- Undated security cheques
- Letter of undertaking/ comfort from Adani Enterprises Limited

17. TRADE AND OTHER PAYABLES

Trade payables	1,680,655	2,293,116
Accruals	13,539	2,379
Interest accrued	1,222	2,246
Other payables	17	30
	<u>1,695,433</u>	<u>2,297,771</u>

The entire trade and other payables are due for settlement within one year from the reporting date.

18. OTHER CURRENT LIABILITIES

Advance from customers	128	214
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

	2019 AED '000	2018 AED '000
19. OTHER FINANCIAL LIABILITIES		
Derivatives not designated as hedging instruments:		
- Derivative financial instruments	9,091	264

The Establishment enters into contracts to hedge commodity forward contracts for purchase / sale of various commodities. At the reporting date, fair value loss on the cash flow hedges amounted to AED 9,091,161 (previous year fair value loss of AED 263,800) and being ineffective has been taken to profit or loss.

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, which is unchanged from previous year, comprises equity funds as presented in the statement of financial position together with amounts due to / 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 bank facilities availed. The Establishment has complied with all the capital requirements to which it is subject.

Funds generated from internal accruals together with funds received from related parties 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 to maintain capital at desired levels.

21. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Establishment generates revenue from the transfer of goods at a point in time. The disaggregated revenue from contracts with customers by type of services and timing of revenue recognition is presented below. The management believes that this best depicts the nature, amount, timing and uncertainty of the Establishment's revenue and cash flows.

Major goods/service lines

Trading

- Coal	7,108,687	6,829,194
- Scrap metal products	95,297	161,307
- Solar energy components and equipment	--	183,047
	<u>7,203,984</u>	<u>7,173,548</u>
Timing of revenue recognition		
- At a point in time	<u>7,203,984</u>	<u>7,173,548</u>

NOTES TO THE FINANCIAL STATEMENTS
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	2019 AED '000	2018 AED '000
22. OTHER OPERATING INCOME		
Profit on disposals of property, plant and equipment (net)	110	20
Rental income	195	385
Other income	--	12,850
Net exchange gains	--	226
	<u>305</u>	<u>13,481</u>
23. STAFF COSTS		
Staff salaries and benefits	340	1,444
Staff end-of-service benefits	17	15
	<u>357</u>	<u>1,459</u>
24. DEPRECIATION		
On property, plant and equipment (note 6)	316	948
On investment property (note 7)	--	302
	<u>316</u>	<u>1,250</u>
25. OTHER OPERATING EXPENSES		
Operating lease expenses	190	190
Directors' remuneration	2,665	2,658
Commission to agents	241	301
Professional fees ^(a)	7,802	7,314
Provision for expected credit losses on trade receivables	105	--
Provision for impairment of advance to suppliers	4,868	--
Penalty for breach of contracts	16,607	--
Net exchange loss	500	--
Other expenses	5,665	6,539
	<u>38,643</u>	<u>17,002</u>
(a) Professional fees include an amount of AED 5,176,494 (previous year AED 2,457,552) recharged by a related party towards the following expenses:		
Staff salaries and benefits	3,921	2,458
Other expenses	1,255	--
	<u>5,176</u>	<u>2,458</u>
26. INTEREST INCOME		
On bank deposits	357	618
On customer balances	175	143
	<u>532</u>	<u>761</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 AED '000	2018 AED '000
27. FINANCE COSTS		
Interest on bank borrowings	51,633	32,223
Bank charges	6,416	4,728
On amounts due to a related party	4,686	--
	<u>62,735</u>	<u>36,951</u>

28. FINANCIAL INSTRUMENTS

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

At 31 March 2019	At fair value through profit or loss	At amortised cost
	AED 000's	
Financial assets		
Trade and other receivables	--	2,065,583
Amounts due from a related party	--	1,964,296
Other financial assets	--	30,788
Cash and cash equivalents	--	78,830
	<u>--</u>	<u>4,139,497</u>
Financial liabilities		
Short term borrowings	--	172,453
Trade and other payables	--	1,695,433
Amounts due to a related party	--	90,754
Other financial liabilities	9,091	--
	<u>9,091</u>	<u>1,958,640</u>

The effect of initially applying IFRS 9 on the Establishment's financial instruments is described in Note 2(d). Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

Management of risks

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

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

**NOTES TO THE FINANCIAL STATEMENTS
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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 and letters of credit in favour of the Establishment, issued by high credit quality financial institutions.

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 cash and cash equivalents, bank deposits, trade and other receivables and amounts due from related parties.

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

The management assesses the credit risk arising from trade and other receivables and amounts due from related parties taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

Amounts due from related parties and trade and other receivables are stated net of the allowance for doubtful recoveries in aggregate at AED 4,043,546,584 (previous year AED 4,749,249,532). At the reporting date 80% of such receivables were due from four parties situated in India, Singapore and Australia (previous year 75% due from four parties situated in India, Singapore, Indonesia and Australia).

Significant concentration of credit risk of trade receivables by industry are as follows:

	2019	2018
	AED`000	AED`000
Coal	2,034,335	2,880,865
Scrap metal and steel	14,588	12,911

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

At the reporting date, the Establishment's bank balances with banks in European countries is AED Nil (previous year AED 106,829).

The Establishment uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a very large number of small balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from individual customers as at 31 March 2019.

At 31 March 2019	Loss rate	Gross carrying amount	Loss allowance	Credit impaired
	%	AED `000	AED `000	
Not past due	0.00%	2,048,225	---	No
Past due	55.87%	698	(390)	No
		<u>2,048,923</u>	<u>(390)</u>	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Establishment's view of economic conditions over the expected lives of the receivables.

Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed except for amounts due from a related party denominated in Australian Dollars amounting to AED 6,538,071 in the previous year.

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 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 2,174,523 higher or lower (previous year AED 4,582,319) resulting in equity being lower or higher by such amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**
Fair values

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, other financial assets, trade and other receivables, amounts due from a related party, current borrowings, trade and other payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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	
	2019	2018	2019	2018	2019	2018	2019	2018
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Derivative financial instruments (Cr)	(9,091)	(264)	--	--	--	--	(9,091)	(264)

29. OPERATING LEASE COMMITMENTS

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

	2019	2018
	AED '000	AED '000
Not later than one year	106	167
Between one and five years	--	106

30. CONTINGENT LIABILITIES

Letters of guarantee	112	112
Unutilised balances of commercial letters of credit	75,465	16,514

For **ADANI GLOBAL FZE**


DIRECTOR

