# ADANI GLOBAL FZE

## FINANCIAL STATEMENTS AND REPORTS
## YEAR ENDED 31 MARCH 2023

# ADANI GLOBAL FZE

**FINANCIAL STATEMENTS AND REPORTS**
**YEAR ENDED 31 MARCH 2023**

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# ADANI GLOBAL FZE

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 MARCH 2023

The directors have pleasure in submitting the financial statements of Adani Global FZE (the "Establishment"), Jebel Ali, Dubai for the year ended 31 March 2023.

**Turnover, profit and dividend**

The turnover of the Establishment for the year ended 31 March 2023, amounted to AED 16,496,196,838 as compared to AED 10,323,605,339 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 181,223,157. The directors do not recommend any dividend for the year ended 31 March 2023.

**Business activity**

The Establishment's business activities as per the trade license is general trading, but the establishment was mainly engaged in the trading in coal, metal scrap and metal finished products during 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 2023.

**Directors**

The directors of the Establishment as at 31 March 2023 were as follows:

| | |
|---|---|
| Mr. Pranav Sevanti Vora | American national |
| Mr. Vishwas Shah | Indian national |
| Mr. Hemant Nerurkar | Indian national |

**Independent auditor**

PKF, Chartered Accountants, Dubai were appointed as independent auditor of the Establishment for the year ended 31 March 2023. A resolution to re-appoint them for the year ending 31 March 2024 will be proposed at the forthcoming annual general meeting.

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

ADANI GLOBAL FZE
P.O Box 17186
Dubai U.A.E.

**PRANAV SEVANTI VORA**
Director
24 April 2023

# ADANI GLOBAL FZE

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2023

| | Notes | 2023<br>AED '000 | 2022<br>AED '000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **7** | 31 |
| Investment property | 7 | **--** | -- |
| Capital advances | 8 | **3,374** | -- |
| Investment in a subsidiary company | 9 | **1,000** | 1,000 |
| | | **4,381** | 1,031 |
| **Current assets** | | | |
| Trade and other receivables | 10 | **2,556,185** | 2,395,890 |
| Other current assets | 11 | **25,847** | 37,206 |
| Due from related parties | 12 | **1,953,888** | 1,928,313 |
| Other financial assets | 13 | **29,753** | 28,337 |
| Cash and cash equivalents | 14 | **104,309** | 50,786 |
| | | **4,669,982** | 4,440,532 |
| **Total assets** | | **4,674,363** | 4,441,563 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity funds** | | | |
| Share capital | 15 | **16,600** | 16,600 |
| Retained earnings | | **2,525,693** | 2,344,470 |
| **Total equity funds** | | **2,542,293** | 2,361,070 |
| **Non-current liability** | | | |
| Provision for staff end-of-service benefits | 16 | **5,422** | 6,176 |
| **Current liabilities** | | | |
| Short-term borrowings | 17 | **12,110** | 160,014 |
| Trade and other payables | 18 | **2,113,321** | 1,913,614 |
| Other current liabilities | 19 | **504** | 225 |
| Other financial liabilities | 20 | **713** | 464 |
| | | **2,126,648** | 2,074,317 |
| **Total liabilities** | | **2,132,070** | 2,080,493 |
| **Total equity and liabilities** | | **4,674,363** | 4,441,563 |

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 24 April 2023 and signed on their behalf by Mr. Pranav Sevanti Vora.

For **ADANI GLOBAL FZE**






**PRANAV SEVANTI VORA**
**DIRECTOR**

# ADANI GLOBAL FZE

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023<br>AED '000 | 2022<br>AED '000 |
|---|---|---|---|
| **Revenue** | 22 | **16,496,197** | 10,323,605 |
| Purchases of inventory (including direct costs) | | **(16,248,681)** | (10,207,401) |
| Gross profit | | **247,516** | 116,204 |
| Other income | 23 | **549** | 722 |
| Staff costs | 24 | **(12,376)** | (13,744) |
| Depreciation | 25 | **(474)** | (356) |
| Other expenses | 26 | **(22,341)** | (6,395) |
| Interest income | 27 | **607** | 262 |
| Finance costs | 28 | **(32,261)** | (12,433) |
| Reversal of impairment provision of financial assets (net) | 29 | **3** | 41 |
| **PROFIT FOR THE YEAR** | | **181,223** | 84,301 |
| **Other comprehensive income:** | | | |
| Other comprehensive income for the year | | -- | -- |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **181,223** | 84,301 |

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 2023

| | Share capital AED '000 | Retained earnings AED '000 | Total AED '000 |
|---|---|---|---|
| Balance at 1 April 2021 | 16,600 | 2,260,169 | 2,276,769 |
| Total comprehensive income for the year | -- | 84,301 | 84,301 |
| Balance at 31 March 2022 | 16,600 | 2,344,470 | 2,361,070 |
| Total comprehensive income for the year | -- | 181,223 | 181,223 |
| Balance at 31 March 2023 | **16,600** | **2,525,693** | **2,542,293** |

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.

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# ADANI GLOBAL FZE

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 MARCH 2023

| | 2023<br>AED '000 | 2022<br>AED '000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the year | **181,223** | 84,301 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **24** | 63 |
| Credit balances written-back | **(268)** | (359) |
| Reversal of impairment provision of financial assets (net) | **(3)** | (41) |
| Interest income | **(607)** | (262) |
| Finance costs | **32,261** | 12,433 |
| Provision for staff end-of-service benefits | **1,264** | 6,293 |
| | **213,894** | 102,428 |
| Changes in: | | |
| - Trade and other receivables | **(160,082)** | (296,412) |
| - Other current assets | **9,488** | (10,380) |
| - Trade and other payables | **200,656** | 270,027 |
| - Other current liabilities | **279** | (1,989) |
| Staff end-of-service benefits paid | **--** | (22) |
| Cash generated from operations | **264,235** | 63,652 |
| Interest paid | **(32,942)** | (12,476) |
| Net cash from operating activities | **231,293** | 51,176 |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | **--** | (1) |
| Payments for capital advances | **(3,374)** | -- |
| Increase in other financial assets (net) | **(1,416)** | (772) |
| Interest received | **250** | 270 |
| Payments to related parties (net) | **(25,575)** | (73,639) |
| Increase/(decrease) in derivative financial assets/liabilities (net) | **249** | (1,478) |
| Net cash used in investing activities | **(29,866)** | (75,620) |
| **Cash flows from financing activities** | | |
| (Payments of)/receipts from trust receipts (net) | **(147,904)** | 44,584 |
| Net cash (used in)/from financing activities | **(147,904)** | 44,584 |
| **Net increase in cash and cash equivalents** | **53,523** | 20,140 |
| **Cash and cash equivalents at beginning of year** | **50,786** | 30,646 |
| **Cash and cash equivalents at end of year (note 14)** | **104,309** | 50,786 |

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.



## 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 address is P. O. Box 17186, Dubai, UAE.

b) The Establishment's business activities as per the trade license number 1947 issued by Jebel Ali Free Zone Authority is general trading, however the establishment was mainly engaged in the trading in coal, metal scrap and metal finished products during the year.

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".

## 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 April 2022, and the requirements of Jebel Ali Free Zone Companies Implementing Regulations 2016.

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.

b) **Basis of measurement**

The financial statements are prepared using historical cost, except certain derivative financial instruments carried at fair value.

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 the 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.



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

*Standards, amendments, improvements and interpretations effective for the current year*

The following amendments, improvements and interpretations which became effective for current period, did not have any significant impact on the Establishment's financial statements:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 1
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
  - IFRS 1 First-time Adoption of International Financial Reporting Standards
  - IAS 41 Agriculture

***New and revised IFRSs in issue but not yet effective and not early adopted***

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

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (1 January 2023)
- Definition of Accounting Estimates – Amendments to IAS 8 (1 January 2023)

e) **Functional and presentation currency**

The Establishment`s functional currency is US Dollars 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") being the currency of the country of domicile. Amounts in UAE Dirhams are translated to US Dollars using the exchange rate of 1 US$ = AED 3.67 and 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:

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| | |
|---|---|
| Office units and residential apartments | 6 – 7 years |
| Furniture, fixtures and office equipment | 5 years |
| 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 and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other 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.

c) **Capital advances**

Capital advances are stated at cost less any impairment losses and are not depreciated.

d) **Impairment of tangible assets**

At each reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

e) **Investment in subsidiary**

Subsidiary is an entity 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 subsidiary is accounted at cost less impairment losses, if any. Consolidated financial statements of the parent and its subsidiary are prepared separately.

f) **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 completion and disposal.

g) **Staff benefits**

The Establishment provides staff end-of-service benefits to its non-UAE national employees as per the applicable local laws. The entitlement to these benefits is based on the employees' last drawn salary and length of services which is accrued over the period of employment. Provision for staff end of services benefits are disclosed as non-current liability.

Provision is also made for employees' entitlement to annual leave and air fare for eligible employees as per the policy of the Establishment. Provision relating to annual leave is disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

h) **Revenue**

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

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.

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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 goods or services to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Establishment 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 Establishment will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Establishment 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.

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 goods is transferred to the customer, generally on delivery of the goods.

i) ***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.



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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) **Leases**

The Establishment has taken office premises on lease. Rental contracts are typically made for fixed period of one year but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.

*Short-term leases*

The Establishment applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

l) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank balances in current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

m) **Other financial assets**

Other financial assets measured at amortised cost comprise fixed terms deposits and margin deposits under encumbrance and/or with a maturity date of more than three months from the date of deposits.

n) **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.

o) **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.

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p) **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.

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.

q) **Contingencies and commitments**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

r) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, 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 charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Irrecoverable VAT for which Establishment cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Establishment files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT payable are offset and the net amount is reported in the statement of financial position as the Establishment has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

s) **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.



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All other assets are classified as non-current.

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.

t) **Financial instruments**

***Classification***

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

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Establishment's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities 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.

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***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, 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.

Foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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



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Financial assets at FVTPL consists of derivative financial assets.

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

Financial liabilities at amortised cost comprise of short-term borrowings, trade and other payables and other financial liabilities.

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.

***Impairment of financial assets***
The Establishment recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs 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.

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.

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, other receivables 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 and due from related parties 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 recognised 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 risk 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 270 days past due.

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

- The customer is unlikely to pay its credit obligations to the Establishment in full, without recourse by the Establishment to actions such as realising security (if any is held); or
- The financial asset is more than 365 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.

u) **Derivatives financial instruments**

*Derivatives that do not qualify for hedge accounting*

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of profit or loss (cost of sales).

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v) **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 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:

**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.



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**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 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 expected credit losses, 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 and investment property are based on assumptions regarding future cash flows expected to be received from the related assets.

**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(t).



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**Staff end-of-service benefits**

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 5,421,741 (previous year AED 6,176,493), 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 2021 | 2,850 | 5,538 | 1,214 | 9,602 |
| Additions | -- | 1 | -- | 1 |
| Disposals | -- | (258) | -- | (258) |
| At 31 March 2022 and 31 March 2023 | **2,850** | **5,281** | **1,214** | **9,345** |
| **Accumulated depreciation** | | | | |
| At 1 April 2021 | 2,850 | 5,445 | 1,214 | 9,509 |
| Depreciation | -- | 63 | -- | 63 |
| Adjustment relating to disposals | -- | (258) | -- | (258) |
| At 31 March 2022 | 2,850 | 5,250 | 1,214 | 9,314 |
| Depreciation for the year | -- | 24 | -- | 24 |
| At 31 March 2023 | **2,850** | **5,274** | **1,214** | **9,338** |
| **Carrying amount** | | | | |
| At 1 April 2021 | -- | 93 | -- | 93 |
| At 31 March 2022 | -- | 31 | -- | 31 |
| At 31 March 2023 | -- | **7** | -- | **7** |

(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 Nil respectively) in the International City, Dubai.

## 7. INVESTMENT PROPERTY

| | Residential apartment [a] |
|---|---|
| | AED '000 |
| **Cost** | |
| At 1 April 2021, 31 March 2022 and 31 March 2023 | **3,992** |
| **Accumulated depreciation** | |
| At 1 April 2021, 31 March 2022 and 31 March 2023 | **3,992** |
| **Carrying amount** | |
| At 1 April 2021, 31 March 2022 and 31 March 2023 | -- |

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

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| | | 2023 AED '000 | 2022 AED '000 |
|---|---|---|---|
| 8. | **CAPITAL ADVANCES** | | |
| | Opening balance | -- | -- |
| | Capital advances given during the year | 3,374 | -- |
| | Closing balance | 3,374 | -- |

(a) Capital advances represent advance paid for purchase of 10 hotel apartment flats. Related capital commitments are disclosed in note 31.

| | | 2023 AED '000 | 2022 AED '000 |
|---|---|---|---|
| 9. | **INVESTMENT IN A SUBSIDIARY COMPANY** | | |
| | 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). | 1,000 | 1,000 |

The nature of investment in a subsidiary company held by the Establishment are as follows:

| Name of subsidiary | Principal activities | Country of incorporation | Registered proportion (%) of ownership interest | |
|---|---|---|---|---|
| | | | 2023 | 2022 |
| Adani Global DMCC | Trading in refined oil products abroad, solar energy systems & components trading, coal & firewood trading, metal ores trading, basic non-ferrous metal product trading, scrap & metal waste trading abroad, agro products and commercial brokers. | United Arab Emirates | 100 | 100 |

| | | 2023 AED '000 | 2022 AED '000 |
|---|---|---|---|
| 10. | **TRADE AND OTHER RECEIVABLES** | | |
| | Trade receivables | 2,551,070 | 2,385,798 |
| | Less: Allowance for expected credit losses | (321) | (321) |
| | | 2,550,749 | 2,385,477 |
| | Advances to directors | 446 | 6,558 |
| | Accrued interest | 447 | 90 |
| | Deposits | 68 | 88 |
| | Other receivables | 4,475 | 3,677 |
| | | 2,556,185 | 2,395,890 |

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

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| | 2023<br>AED '000 | 2022<br>AED '000 |
|---|---|---|
| Opening balance | 321 | 606 |
| Amount written-back during the year | -- | (41) |
| Amount written-off during the year | -- | (244) |
| Closing balance | 321 | 321 |

An age analysis of trade receivables as at the reporting date is as follows:

| | | |
|---|---|---|
| Trade receivables not past due | 2,550,749 | 2,385,477 |
| Credit impaired trade receivables | 321 | 321 |
| | 2,551,070 | 2,385,798 |

- 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 17).

## 11. OTHER CURRENT ASSETS

| | | |
|---|---|---|
| Advances to suppliers | 25,492 | 36,523 |
| Less: Allowance for expected credit losses | -- | (3) |
| | 25,492 | 36,520 |
| Prepayments | 23 | 597 |
| VAT receivable (net) | 332 | 89 |
| | 25,847 | 37,206 |

A reconciliation of the movements in the allowance for expected credit losses on advance to suppliers is as follows:

| | | |
|---|---|---|
| Opening balance | 3 | 12,268 |
| Provision reversed | (3) | -- |
| Amount written-off during the year | -- | (12,265) |
| Closing balance | -- | 3 |

## 12. 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, subsidiary, fellow subsidiaries, companies under common ownership and/ or common management control and directors.

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

| | Ultimate parent company | Parent company | Subsidiary company | Fellow subsidiaries | Directors | Companies under common ownership and/or common management control | Total 2023 | Total 2022 |
|---|---|---|---|---|---|---|---|---|
| | AED '000 | AED '000 | AED '000 | AED '000 | AED '000 | AED '000 | AED '000 | AED '000 |
| Included in trade and other receivables | 1,750,011 | -- | 7,685 | -- | 446 | -- | 1,758,142 | |
| | 1,090,910 | -- | 10,519 | -- | 6,558 | 314 | | 1,108,301 |
| Included in trade and other payables | -- | -- | -- | 1,262,828 | -- | -- | 1,262,828 | |
| | -- | -- | -- | 516,521 | -- | -- | | 516,521 |
| Included in advances to suppliers | -- | -- | -- | -- | -- | -- | -- | |
| | -- | -- | -- | 1,254 | -- | 445 | | 1,699 |
| Due from related parties [a] | -- | 74,117 | -- | 1,854,196 | -- | 25,575 | 1,953,888 | |
| | -- | 74,117 | -- | 1,854,196 | -- | -- | | 1,928,313 |
| Investment in subsidiary | -- | -- | 1,000 | -- | -- | -- | 1,000 | |
| | -- | -- | 1,000 | -- | -- | -- | | 1,000 |
| Provision for staff end-of-service benefits | -- | -- | -- | -- | 5,422 | -- | 5,422 | |
| | -- | -- | -- | -- | 6,176 | -- | | 6,176 |

(a) The Establishment has granted interest free loan amounting to AED 1,854,196,000 to its fellow subsidiary. The amount is granted towards construction of mineral reserve and mine development project in Australia. As per the agreed terms with the fellow subsidiary, the Establishment has unconditional legal right to demand repayment of amount due from fellow subsidiary. Accordingly, the same is classified as current asset.

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 30.

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

| | Ultimate parent company | Subsidiary company | Fellow subsidiaries | Directors | Total 2023 | Total 2022 |
|---|---|---|---|---|---|---|
| | AED '000 | AED '000 | AED '000 | AED '000 | AED '000 | AED '000 |
| Sales at arm's length price | 5,614,914 | 46,555 | 1,036,745 | -- | 6,698,214 | |
| | 2,765,692 | 37,100 | 1,685,501 | -- | | 4,488,293 |
| Purchases of goods and services at arm's length price | -- | -- | 4,903,407 | -- | 4,903,407 | |
| | -- | -- | 1,814,168 | -- | | 1,814,168 |
| Remuneration and expenses | -- | -- | -- | 7,058 | 7,058 | |
| | -- | -- | -- | 3,571 | | 3,571 |
| Included in staff costs | -- | 4,206 | -- | 1,119 | 5,325 | |
| | -- | 3,881 | -- | 6,176 | | 10,057 |
| Included in other expenses | -- | 9,404 | -- | -- | 9,404 | |
| | -- | 2,421 | -- | -- | | 2,421 |
| Included in depreciation | -- | 450 | -- | -- | 450 | |
| | -- | 293 | -- | -- | | 293 |



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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.

| | | 2023 AED '000 | 2022 AED '000 |
|---|---|---|---|
| 13. | **OTHER FINANCIAL ASSETS** | | |
| | **Financial assets at amortised cost:** | | |
| | - Fixed deposits | **115** | 115 |
| | - Margin deposits | **29,638** | 28,222 |
| | | **29,753** | 28,337 |

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

| | | | |
|---|---|---|---|
| 14. | **CASH AND CASH EQUIVALENTS** | | |
| | Cash on hand | **102** | 26 |
| | Bank balances in: | | |
| | Current accounts | **103,351** | 49,544 |
| | Call deposits | **856** | 1,216 |
| | | **104,309** | 50,786 |

| | | | |
|---|---|---|---|
| 15. | **SHARE CAPITAL** | | |
| | **Issued and paid up** | | |
| | 166 fully paid shares of AED 100,000 each held by Adani Global Limited, Mauritius. | **16,600** | 16,600 |

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 |
| | 162,827,068 |

| | | 2023 AED '000 | 2022 AED '000 |
|---|---|---|---|
| 16. | **PROVISION FOR STAFF END-OF-SERVICE BENEFITS** | | |
| | Opening balance | **6,176** | -- |
| | Provision for the year | **1,264** | 6,293 |
| | Transfer from a related party | **(144)** | (95) |
| | Adjusted against advances | **(1,874)** | (22) |
| | Closing balance | **5,422** | 6,176 |

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| | | 2023 AED '000 | 2022 AED '000 |
|---|---|---|---|
| 17. | **SHORT-TERM BORROWINGS** | | |
| | Trust receipts | **12,110** | 160,014 |
| | An analysis by bank of amounts outstanding is as follows: | | |
| | Commercial Bank of Dubai | **12,110** | -- |
| | Axis Bank Ltd | **--** | 3,020 |
| | United Bank Limited | **--** | 66,419 |
| | Habib Bank | **--** | 36,763 |
| | Emirates NBD Bank PJSC | **--** | 53,812 |
| | | **12,110** | 160,014 |
| | A maturity analysis of total bank borrowings is as follows: | | |
| | 0 – 1 month | **--** | 8,713 |
| | 1 – 3 months | **--** | 50,710 |
| | 3 months – 1 year | **12,110** | 100,591 |
| | | **12,110** | 160,014 |

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

| | | | |
|---|---|---|---|
| 18. | **TRADE AND OTHER PAYABLES** | | |
| | Trade payables | **2,095,380** | 1,911,005 |
| | Accruals | **14,783** | 1,896 |
| | Interest accrued | **2** | 683 |
| | Other payables | **3,156** | 30 |
| | | **2,113,321** | 1,913,614 |

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

| | | | |
|---|---|---|---|
| 19. | **OTHER CURRENT LIABILITIES** | | |
| | Advance from customers | **504** | 225 |

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| | | 2023 AED '000 | 2022 AED '000 |
|---|---|---|---|
| 20. | **OTHER FINANCIAL LIABILITIES** | | |
| | **Derivatives not designated as hedging instruments:** | | |
| | - Derivative financial instruments | **713** | 464 |

## 21. MANAGEMENT OF CAPITAL

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

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.

## 22. REVENUE

The Establishment generates revenue from the transfer of goods at a point in time. The disaggregated revenue from contracts with customers by type of goods 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.

| | 2023 AED '000 | 2022 AED '000 |
|---|---|---|
| **Major goods lines** | | |
| *Trading* | | |
| - Coal | **15,897,417** | 9,804,030 |
| - Scrap metal products | **598,780** | 519,575 |
| | **16,496,197** | 10,323,605 |
| **Timing of revenue recognition** | | |
| - At a point in time | **16,496,197** | 10,323,605 |

## 23. OTHER INCOME

| | 2023 AED '000 | 2022 AED '000 |
|---|---|---|
| Rental income | **281** | 251 |
| Net exchange gains | **--** | 112 |
| Credit balances written-back | **268** | 359 |
| | **549** | 722 |



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| | | 2023<br>AED '000 | 2022<br>AED '000 |
|---|---|---|---|
| 24. | **STAFF COSTS** | | |
| | Staff salaries and benefits | **4,054** | 3,880 |
| | Directors' remuneration | **7,058** | 3,571 |
| | Staff end-of-service benefits | **1,264** | 6,293 |
| | | **12,376** | 13,744 |

Staff salaries and benefits and staff end-of-service benefits include an amount of AED 4,206,132 (previous year AED 3,881,408) recharged by a related party. The liability relating to staff-end-of service benefits for all employees other than directors are accounted in the books of a related party. Staff end-of-service benefits include an amount of AED 1,119,023 (previous year AED 6,176,493) relating to directors.

| | | | |
|---|---|---|---|
| 25. | **DEPRECIATION** | | |
| | On property, plant and equipment (note 6) | **24** | 63 |
| | Add: recharged from a related party | **450** | 293 |
| | | **474** | 356 |
| 26. | **OTHER EXPENSES** | | |
| | Short-term lease expenses[(a)] | **132** | 93 |
| | Donations | **4,438** | 344 |
| | Professional fees | **3,470** | 2,623 |
| | Social welfare expense recharge by a related party | **6,416** | -- |
| | Other expenses[(b)] | **7,885** | 3,335 |
| | | **22,341** | 6,395 |

(a) Short-term lease expenses include an amount of AED 115,000 (previous period AED 75,300) recharged by a related party.

(b) Other expenses include an amount of AED 2,872,318 (previous period AED 2,345,839) recharged by a related party.

| | | | |
|---|---|---|---|
| 27. | **INTEREST INCOME** | | |
| | On bank deposits | **580** | 196 |
| | On customer balances | **27** | 66 |
| | | **607** | 262 |
| 28. | **FINANCE COSTS** | | |
| | Interest on bank borrowings | **26,640** | 9,715 |
| | Bank charges | **5,621** | 2,718 |
| | | **32,261** | 12,433 |

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| | | 2023 AED '000 | 2022 AED '000 |
|---|---|---|---|
| 29. | **REVERSAL OF IMPAIRMENT PROVISION OF FINANCIAL ASSETS (NET)** | | |
| | On advance to suppliers | 3 | -- |
| | On trade receivables | -- | 41 |
| | | 3 | 41 |

30. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial instruments**

***Classification and fair values***

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

| | At fair value through profit or loss | | At amortised cost | |
|---|---|---|---|---|
| | 2023 AED 000's | 2022 AED 000's | 2023 AED 000's | 2022 AED 000's |
| **Financial assets** | | | | |
| Trade and other receivables | -- | -- | 2,556,185 | 2,395,890 |
| Due from related parties | -- | -- | 1,953,888 | 1,928,313 |
| Other financial assets | -- | -- | 29,753 | 28,337 |
| Cash and cash equivalents | -- | -- | 104,309 | 50,786 |
| | -- | -- | 4,644,135 | 4,403,326 |
| **Financial liabilities** | | | | |
| Short-term borrowings | -- | -- | 12,110 | 160,014 |
| Trade and other payables | -- | -- | 2,113,321 | 1,913,614 |
| Other financial liabilities | 713 | 464 | -- | -- |
| | 713 | 464 | 2,125,431 | 2,073,628 |

***Fair value measurement and disclosures***

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 related parties, short-term 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:

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| | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | AED 000 | AED 000 | AED 000 | AED 000 | AED 000 | AED 000 | AED 000 | AED 000 |
| Derivative financial instruments (Cr) | -- | -- | 713 | 464 | -- | -- | 713 | 464 |

**Financial risk management**

***Risk management objectives***

Risk is inherent in the Establishment's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Establishment's continuing profitability. The Establishment's risk management focusses on actively securing short to medium term cash flows by minimizing the exposure to financial markets.

The Establishment does not actively engage in trading of financial assets for speculative purpose.

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, comprise credit risk, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

The management of the Establishment reviews and agrees policies for managing each of these risks which are summarised below:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

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.

Financial assets that potentially expose the Establishment to concentrations of credit risk comprise principally bank balances, 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.

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At the reporting date 94% of trade receivables were due from four customers (previous year 83% due from four customers) including a related party.

At the reporting date, 95% of amount due from related parties is due from one related party situated in Australia (previous year 96% of amount due from related parties was due from one related party situated in Australia).

At the reporting date, the Establishment's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

| | Trade receivables | | Due from related parties | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **AED`000** | AED`000 | **AED`000** | AED`000 |
| India | **1,815,938** | 1,279,948 | **--** | -- |
| Other Asian countries | **735,087** | 1,095,289 | **--** | -- |
| Australia | **--** | -- | **1,854,196** | 1,854,196 |
| Mauritius | **--** | -- | **74,117** | 74,117 |
| United Kingdom | **45** | 39 | **--** | -- |
| United States of America | **--** | 1 | **--** | -- |
| Netherlands | **--** | 1 | **--** | -- |

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

| | **2023** | 2022 |
|---|---|---|
| | **AED`000** | AED`000 |
| Coal | **2,525,544** | 2,349,510 |
| Scrap metal and steel | **25,526** | 36,288 |

The Establishment uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise number of 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 the reporting date:

| | Loss rate | | Gross carrying amount | | Loss allowance | |
|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | **%** | % | **AED`000** | AED`000 | **AED`000** | AED`000 |
| Not past due | **--** | 0.00% | **2,550,749** | 2,385,477 | **--** | -- |
| Past due | **100.00%** | 100.00% | **321** | 321 | **321** | 321 |
| | | | **2,551,070** | 2,385,798 | **321** | 321 |

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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.

***Liquidity risk***

Liquidity risk is the risk that the Establishment may encounter difficulty in meeting financial obligations due to shortage of funds. The Establishment's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Establishment's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Establishment's reputation. The Establishment manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Establishment limits its liquidity risk by ensuring adequate bank facilities are available.

The table below summarises the maturities of the Establishment's undiscounted financial liabilities at the reporting date, based on contractual payment dates and current market interest rates.

| | Less than one year | | Total | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **AED`000** | AED`000 | **AED`000** | AED`000 |
| Short-term borrowings | **12,110** | 160,014 | **12,110** | 160,014 |
| Trade and other payables | **2,113,321** | 1,913,614 | **2,113,321** | 1,913,614 |
| Other financial liabilities | **713** | 464 | **713** | 464 |
| | **2,126,144** | 2,074,092 | **2,126,144** | 2,074,092 |

***Market risk***

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Establishment's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

**Currency risk**

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

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 Dirhams is fixed.

**Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

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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 121,098 higher or lower (previous year AED 1,600,144) resulting in equity being lower or higher by such amount.

| | | 2023<br>AED '000 | 2022<br>AED '000 |
|---|---|---|---|
| 31. | **CONTINGENT LIABILITIES AND COMMITMENTS** | | |
| | Bankers' letters of guarantee | **112** | 112 |
| | Outstanding value of commercial letters of credit issued | **56,460** | 33,462 |
| | | **56,572** | 33,574 |
| | **Capital commitments** | | |
| | For acquisition of investment properties (note 8) | **6,363** | -- |

32. **CORPORATE TAX**

On 9 December 2022, the UAE Ministry of Finance issued the Federal Decree-Law No. (47) of 2022 introducing Corporate Tax, effective for financial years commencing on or after 1 June 2023. The rate of corporate tax is 9% on the taxable income exceeding AED 375,000 and 0% for qualifying free zone companies on their qualifying income, subject to meeting specified conditions. There is no impact of this law on the financial statements of the Establishment for the year ended 31 March 2023. Management will assess the implications of this Federal Corporate Tax for the Establishment in due course.

For **ADANI GLOBAL FZE**

ADANI GLOBAL FZE P.O Box 17186 Dubai U.A.E.

**PRANAV SEVANTI VORA**
**DIRECTOR**