ADANI GLOBAL DMCC

Financial statements and reports
Year ended 31 March 2022

ADANI GLOBAL DMCC

Financial statements and reports
Year ended 31 March 2022

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ADANI GLOBAL DMCC

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The Directors have pleasure in submitting the financial statements of Adani Global DMCC (the "Company"), Jumeirah Lakes Towers, Dubai for the year ended 31 March 2022.

Turnover, profit and dividend

The turnover of the Company for the year ended 31 March 2022, amounted to AED 37,475,876 as compared to AED 71,261,070 in the previous year. The directors are confident of achieving growth, both in revenue and profitability in the coming years.

The profit for the year amounted to AED 236,590. The directors do not recommend any dividend for the year ended 31 March 2022.

Business activity

The Company's business activities as per trade license is 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. However, Company's principal activity during the year was trading in coal.

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 2022.

Directors

The Directors of the Company as at 31 March 2022 were as follows:

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

Independent auditor

PKF, Chartered Accountants, Dubai were appointed as independent auditor of the Company for the year ended 31 March 2022. A resolution to re-appoint them for the year ending 31 March 2023 will be proposed at the forthcoming annual general meeting.

For and on behalf of the Board of Directors of
ADANI GLOBAL DMCC



PRANAV SEVANTI VORA
Director
27 April 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ADANI GLOBAL DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ADANI GLOBAL DMCC** (the "Company"), which comprise the statement of financial position as at 31 March 2022, 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 Company as at 31 March 2022, 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 Company 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.

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.

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.

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Auditor Registration No. S.D. Pereira - 552 , V.M.Joshi - 1200

INDEPENDENT AUDITOR'S REPORT
(continued)

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 provision of the Dubai Multi Commodities Centre Authority Regulations 2021, 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 Company`s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company`s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT
(continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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 further confirm that the financial statements comply with the applicable provisions of Dubai Multi Commodities Centre DMCC Authority Regulations 2021. Also in our opinion, the Company has only undertaken the activities permitted under its license.

For **PKF**

AUDITORS PKF U.A.E.

S. D. Pereira
Partner
Registration No. 552
Dubai, United Arab Emirates
27 April 2022

ADANI GLOBAL DMCC

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 AED '000	2021 AED '000
ASSETS			
Non-current asset			
Property, plant and equipment	6	**712**	273
Current assets			
Loan to a third party	7	**1,074**	1,074
Trade and other receivables	8	**15,117**	18,149
Other current assets	9	**36**	203
Due from related parties	10	**--**	157,810
Cash and cash equivalents	11	**1,809**	2,112
		18,036	179,348
Total assets		**18,748**	179,621
EQUITY AND LIABILITIES			
Shareholder's equity funds			
Share capital	12	**1,000**	1,000
Retained earnings		**5,854**	5,617
		6,854	6,617
Non-current liability			
Provision for staff end-of-service benefits	13	**694**	622
Current liabilities			
Trade and other payables	14	**11,200**	172,314
Other current liabilities	15	**--**	68
		11,200	172,382
Total liabilities		**11,894**	173,004
Total equity and liabilities		**18,748**	179,621

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 judgments 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 27 April 2022 and signed on their behalf by Mr. Pranav Sevanti Vora.

For **ADANI GLOBAL DMCC**

DIRECTOR

AUDITORS PKF U.A.E.

ADANI GLOBAL DMCC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 AED '000	2021 AED '000
Revenue	17	**37,476**	71,261
Purchases of inventory (including direct costs)		**(37,100)**	(70,875)
Gross profit		**376**	386
Other operating income	18	**178**	1,017
Staff costs	19	**(281)**	(931)
Other operating expenses	20	**(25)**	(209)
Finance income	21	**54**	54
Finance costs	22	**(65)**	(95)
PROFIT FOR THE YEAR		**237**	222
Other comprehensive income:			
Other comprehensive income for the year		**--**	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**237**	222

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 DMCC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Retained earnings	Total
	AED '000	AED '000	AED '000
Balance at 1 April 2020	1,000	5,395	6,395
Total comprehensive income for the year	--	222	222
Balance at 31 March 2021	1,000	5,617	6,617
Total comprehensive income for the year	--	237	237
Balance at 31 March 2022	**1,000**	**5,854**	**6,854**

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 DMCC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED '000	2021 AED '000
Cash flows from operating activities		
Profit for the year	**237**	222
Adjustments for:		
Depreciation of property, plant and equipment	**293**	344
Profit on disposal of property, plant and equipment	**(153)**	--
Reversal of provision for impairment of advance to suppliers	**(25)**	(20)
Interest income from loan to a third party	**(54)**	(54)
Finance costs charged by a related party	**--**	46
Other finance costs	**65**	49
	363	587
Changes in:		
- Trade and other receivables	**3,086**	154,419
- Other current assets	**192**	979
- Trade and other payables	**(161,019)**	(114,180)
- Other current liabilities	**(68)**	261
Staff end-of service benefits paid	**(23)**	(213)
Cash (used in)/ generated from operations	**(157,469)**	41,853
Interest paid	**(65)**	(49)
Net cash (used in)/ from operating activities	**(157,534)**	41,804
Cash flow from investing activities		
Payments for addition to property, plant and equipment	**(757)**	(2)
Proceeds from disposal of property, plant and equipment	**178**	--
Receipt from/ (payment to) related parties (net)	**157,810**	(42,521)
Net cash generated from/ (used in) investing activities	**157,231**	(42,523)
Net decrease in cash and cash equivalents	**(303)**	(719)
Cash and cash equivalents at beginning of year	**2,112**	2,831
Cash and cash equivalents at end of the year (note 11)	**1,809**	2,112

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.

AUDITORS PKF U.A.E.

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) **ADANI GLOBAL DMCC** (the "Company") with trading license No. DMCC-30757 and service license No. DMCC-813945, is registered as limited liability company in Dubai, United Arab Emirates, under the laws, rules and regulations issued by the Dubai Multi Commodities Centre Authority. The registered address is Unit No. 2704, Jumeirah Business Centre 5, Plot No.JLT-PH-W1A, Jumeirah Lake Towers, Dubai, United Arab Emirates. The Company was registered on 12 June 2017 and was formed by changing the legal status from a branch "Adani Global FZE (Branch)" to a DMCC company.

b) The Company is a wholly owned subsidiary of Adani Global FZE (the "parent company"), a company incorporated in Dubai under the regulations of Jabel Ali Free Zone Authority. The parent company is a wholly owned subsidiary of Adani Global Limited, a company incorporated in Mauritius. Adani Enterprises Limited, India, a public limited company is the "ultimate parent company".

c) The Company's business activities as per trade licenses are 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. Company's principal activity during the year was trading in coal.

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 2021, and the requirements of the applicable provisions of Dubai Multi Commodities Centre Authority Regulations 2021.

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

AUDITORS PKF U.A.E.

Further, the outbreak of COVID-19 continues to cause disruptions in normal lives and business in several ways. The uncertainty due to COVID-19 outbreak with regard to the future impact on the Company's business performance has also been considered as part of management's assessment of the Company's ability to continue as a going concern. As the Company is principally engaged in trading of coal, solar energy systems and components and agro products, COVID-19 is expected to have a short-term impact on the Company operations. However, the management has determined that there is no material uncertainty that casts doubt on the Company's ability to continue as a going concern.

As the impact of COVID-19 continues to evolve, the Company will continue to monitor the situation and its impacts on the financial statements (see Note 5).

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 1 January 2021 or after, did not have any significant impact on the Company's financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark - Phase 2 (1 January 2021)

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 IFRS 3 – Reference to Conceptual Framework (1 January 2022)
- Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a contract (1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (1 January 2022)
- Annual Improvements to IFRS Standards 2018-2021 (1 January 2022)
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023)

e) **Functional and presentation currency**

The Company `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 Company and the amounts presented are rounded to the nearest thousand, unless otherwise stated.

AUDITORS PKF U.A.E.

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	6 – 7 years
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 Company 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 Company 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 operating income/expenses' in profit or loss.

b) 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

AUDITORS PKF U.A.E.

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.

c) **Staff benefits**

The Company provides 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 basic salary and length of services which is accrued over the period of employment (refer note 5). Provision for staff end of services benefits are disclosed as non-current liability.

Provision is also made for employees' entitlement to leave salary and air fare for eligible employees as per the policy of the Company. 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.

d) **Revenue recognition**

The Company's business activities as per trade license is 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, agro products and commercial brokers. Company's principal activity during the year was trading in coal.

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 Company expects to be entitled in exchange for those goods or services.

The Company 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 to the customer.

AUDITORS PKF U.A.E.

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

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

The Company 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

Revenue from sale of goods is recognised at a point in time when the control of the goods is transferred to the customer, generally on delivery of the goods.

e) ***Rental income***

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

f) ***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.

g) **Leases**

Short-term leases

The Company 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.

h) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and bank balance in current accounts.

i) **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.

j) **Provisions**

A provision is recognised when the Company 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.

k) **Value added tax**

The Company 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 Company cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Company is also 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. VAT receivable and VAT Payable are offset and the net amount is reported in the statement of financial position as the Company has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

AUDITORS PKF U.A.E.

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

The Company 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 the 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 equivalent 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.

A liability is current when:

- It is expected to be settled in the 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 Company classifies all other liabilities as non-current.

m) **Financial instruments**

Classification

On initial recognition, a financial asset is classified and 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 Company'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 Company'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 amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

AUDITORS PKF U.A.E.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Company 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 Company 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 Company 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 Company has transferred substantially all the risks and rewards of the asset, or
  (b) the Company 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.

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.

Interest income, 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, loan to a third party and cash and cash equivalents.

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 trade and other payables.

Impairment of financial assets
The Company 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 Company 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 Company 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 loan from a third party 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 Company has elected to measure loss allowances for trade receivables and amount due from related parties at an amount equal to lifetime ECLs. The Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company 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 Company 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 Company's historical experience and informed credit limit assessment and including forward looking information.

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

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

- The customer is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 720 days past due.

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

At each reporting date, the Company 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.

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 Company are recorded at the value of proceeds received towards interest in share capital of the Company.

n) **Fair value measurement**

The Company 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 Company 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.

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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:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company'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 Company 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 Company 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 Company 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

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 are based on assumptions regarding future cash flows expected to be received from the related assets.

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Impairment of financial assets

The loss allowance for financial assets is 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(m).

Staff end-of-service benefits

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 694,290 (previous year AED 622,431), 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.

Impact of COVID-19

Since the COVID-19 outbreak is evolving rapidly, the Company continues to assess the impact of the outbreak on its operations on a regular basis. The management believes that there exists a material uncertainty in respect of expected duration and its potential impact on the overall economy including the operations of the Company. However, the management concluded that there is no significant impact of COVID-19 on its operations due to nature of the Company's business activities.

6. PROPERTY, PLANT AND EQUIPMENT

	Office units [a]	Office equipment	Vehicles	Total
	AED '000	AED '000	AED '000	AED '000
Cost				
At 1 April 2020	3,016	166	938	4,120
Additions	--	2	--	2
At 31 March 2021	3,016	168	938	4,122
Additions	--	172	585	757
Disposals	--	--	(307)	(307)
At 31 March 2022	**3,016**	**340**	**1,216**	**4,572**
Accumulated depreciation				
At 1 April 2020	3,016	32	457	3,505
Depreciation for the year	--	35	309	344
At 31 March 2021	3,016	67	766	3,849
Depreciation for the year	--	61	232	293
Adjustment relating to disposal	--	--	(282)	(282)
At 31 March 2022	**3,016**	**128**	**716**	**3,860**
Carrying amount				
At 1 April 2020	--	134	481	615
At 31 March 2021	--	101	172	273
At 31 March 2022	**--**	**212**	**500**	**712**

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(a) Office units represent four office units in Jumeirah Business Center – 5, Dubai, with cost AED 3,015,880 (previous year AED 3,015,880) having carrying value AED Nil (previous year AED Nil).

7. LOAN TO A THIRD PARTY

The Company has given loan of AED 1,073,842 (previous year AED 1,073,842) to a third party. The loan is unsecured and repayable on demand along with interest. The loan is at interest rate of 5% per annum.

	2022 AED '000	2021 AED '000
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	**7,082**	17,963
Advances to staff	**67**	43
Deposits	**1,427**	80
Accrued interest on loan to a third party	**118**	63
Other receivables	**6,423**	--
	15,117	18,149

An age analysis of trade receivables is as follows:

Not past due	**--**	17,963
More than 365 days past due	**7,082**	--
	7,082	17,963

The Company does not hold any collateral against the trade receivables (previous year AED Nil).

9. OTHER CURRENT ASSETS		
Advance for goods and services	**--**	396
Less: Provision for impairment of advance to suppliers	**--**	(263)
	--	133
Prepayments	**28**	70
VAT receivable (net)	**8**	--
	36	203

A reconciliation of the movements in the provision for impairment of advances to suppliers is as follows:

Opening balance	**263**	283
Provision no longer required	**(25)**	(20)
Amount written-off during the year	**(238)**	--
Closing balance	**--**	263

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10. RELATED PARTIES

The Company 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 arm's length price.

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

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

	Parent company	Fellow subsidiaries	Companies under common ownership and/or common management control	Total 2022	Total 2021
	AED`000	AED '000	AED '000	AED '000	AED '000
Included in trade and other receivables	--	--	13,497	13,497	
	10,882	--	7,081		17,963
Included in trade payables	10,519	--	--	10,519	
	--	134,444	--		134,444
Due from related parties	--	--	--	--	
	--	157,810	--		157,810

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 24.

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

	Parent company	Fellow subsidiaries	Total 2022	Total 2021
	AED`000	AED '000	AED '000	AED '000
Sales	--	--	--	
	38,728	--		38,728
Purchases	37,100	--	37,100	
	--	158		158
Professional fees income	--	--	--	
	--	661		661
Finance costs charged by a related party	--	--	--	
	46	--		46
Staff costs recharged to a related party (net)	3,881	--	3,881	
	3,651	--		3,651
Depreciation recharged to a related party	293	--	293	
	344			344
Other expenses recharged to a related party	2,421		2,421	
	1,199	--		1,199

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The Company also provides funds to/receives funds from related parties free of interest/ at agreed interest rates as and when required.

Administrative and staff related services are availed from/ given to a related party as per agreed rates.

		2022 AED '000	2021 AED '000
11.	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	**36**	35
	Bank balances in current accounts	**1,773**	2,077
		1,809	2,112
12.	**SHARE CAPITAL**		
	Issued and paid up		
	1,000 fully paid shares of AED 1,000 each held by Adani Global FZE, Dubai, U.A.E.	**1,000**	1,000
13.	**PROVISION FOR STAFF END-OF-SERVICE BENEFITS**		
	Opening balance	**622**	703
	Recharge from a related party (note 19)	**95**	132
	Paid during the year	**(23)**	(213)
	Closing balance	**694**	622
14.	**TRADE AND OTHER PAYABLES**		
	Trade payables	**10,530**	171,931
	Accruals	**13**	25
	Other payables	**657**	358
		11,200	172,314

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

15.	**OTHER CURRENT LIABILITIES**		
	VAT Payable (net)	**--**	68

16. **MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to ensure that the Company 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 due to/ due from related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is subject to capital adequacy as per DMCC implementing regulations. The Company has complied with all the capital requirements to which it is subject.

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Funds generated from internal accruals together with funds received from related parties net of funds provided to related parties are retained in the business, according to the business requirements and to maintain capital at desired levels.

17. REVENUE

The Company generates revenue from the transfer of goods at a point in time. The disaggregated revenue from contracts with customers by geographical segments, 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 Company's revenue and cash flows.

	2022 AED '000	2021 AED '000
Primary Geographical segments		
- UAE	--	71,167
- Other Asian countries	**37,476**	--
- American countries	--	94
	37,476	71,261
Major goods lines		
Trading		
- Solar energy systems and components	--	94
- Coal	**37,476**	37,683
- Precious metals	--	32,440
- Agro products	--	1,044
	37,476	71,261
Timing of revenue recognition		
- At a point in time	**37,476**	71,261

18. OTHER OPERATING INCOME

Professional fees income	--	881
Reversal of provision of impairment of advance to suppliers	**25**	20
Net exchange gains	--	45
Rental income	--	71
Profit on disposal of property, plant and equipment	**153**	--
	178	1,017

19. STAFF COSTS

Staff salaries and benefits	**4,067**	4,450
Less: recharged to a related party	**(3,786)**	(3,519)
Sub-total (A)	**281**	**931**
Staff end-of-service benefits	**95**	132
Less: recharged to a related party (note 13)	**(95)**	(132)
Sub-total (B)	**--**	**--**
Total (A+B)	**281**	931

		2022 AED '000	2021 AED '000
20.	**OTHER OPERATING EXPENSES**		
	Professional, legal and registration fees	25	25
	Repairs and maintenance expenses	--	12
	Other expenses	--	172
		25	209
21.	**FINANCE INCOME**		
	Interest from loan to a third party	54	54
22.	**FINANCE COSTS**		
	Finance costs charged by a related party	--	46
	Bank charges	65	49
		65	95
23.	**DEPRECIATION**		
	Depreciation	293	344
	Less: recharged to a related party	(293)	(344)
		--	--

24. **FINANCIAL INSTRUMENTS**

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

	At amortised cost	
	2022 AED '000	2021 AED '000
Financial assets		
Loan to a third party	1,074	1,074
Trade and other receivables	15,117	18,149
Due from related parties	--	157,810
Cash and cash equivalents	1,809	2,112
	18,000	179,145
Financial liabilities		
Trade and other payables	11,200	172,314
	11,200	172,314

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

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

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Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

The Company also buys and sells goods in foreign currencies. Exposure to foreign currency translation is minimised where possible by denominating such transactions in US Dollars to which the UAE is pegged.

Exposures to the aforementioned risks are detailed below:

Credit risks

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank balances, trade and other receivables, loan to a third party and due from related parties.

The Company's bank accounts 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.

Trade and other receivables and due from a related party are stated net of the allowance for doubtful recoveries in aggregate at AED 7,081,617 (previous AED 175,773,745). At the reporting date, 98% of such receivables were due from two parties situated in India and engaged in solar and coal trading business (previous year 99% of such receivables were due from six parties situated in India, Australia and UAE and engaged in solar and coal trading business).

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

	2022	2021
	AED`000	AED`000
Solar and its related components	7,082	7,082
Coal	--	10,882

Based on the assessment, the management believes that the impairment requirement under IFRS 9 does not have any significant impact on the financial statements.

Currency risk

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

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

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Interest rate risk
Loan to a third party are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

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, loan to a third party, trade and other receivables, and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

25. **COMPARATIVE INFORMATION**
Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of the current period.

For **ADANI GLOBAL DMCC**

DIRECTOR

AUDITORS PKF U.A.E.