ADANI GLOBAL FZE

Financial statements and reports
Year ended 31 March 2022

ADANI GLOBAL FZE

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Year ended 31 March 2022

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ADANI GLOBAL FZE

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors have pleasure in submitting the financial statements of Adani Global FZE (the "Establishment"), Jebel Ali, Dubai for the year ended 31 March 2022.

Turnover, profit and dividend

The turnover of the Establishment for the year ended 31 March 2022, amounted to AED 10,323,605,339 as compared to AED 5,672,674,135 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 84,300,562. The directors do not recommend any dividend for the year ended 31 March 2022.

Business activity

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

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 Establishment 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
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 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
For **ADANI GLOBAL FZE**

Pranav S. Vora

PRANAV SEVANTI VORA
Director
27 April 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ADANI GLOBAL FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ADANI GLOBAL FZE** (the "Establishment"), which comprise the statement of financial position as at 31 March 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 Establishment 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 Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

i) We draw attention to note 2(a) to the financial statements which states that these financial statements are the separate financial statements of **ADANI GLOBAL FZE.** The consolidated financial statements of **ADANI GLOBAL FZE** and its subsidiary, which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements, are presented separately.

ii) We draw attention to note 11 to the financial statements which states that as at the reporting date, the Establishment has unconditional legal right to demand repayment of interest free loan amounting to AED 1,854,196,000 given to a fellow subsidiary and hence the same is classified as current asset.

Our opinion is not modified in respect of above matters.

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

INDEPENDENT AUDITOR'S REPORT
(continued)

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.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT
(continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Establishment's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Report on Other Legal and Regulatory Requirements
We confirm that the financial statements comply with Jebel Ali Free Zone Companies Implementing Regulations 2016. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said regulation.

For **PKF**

AUDITORS PKF U.A.E.

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

ADANI GLOBAL FZE

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 AED '000	2021 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**31**	93
Investment property	7	**--**	--
Investment in subsidiary	8	**1,000**	1,000
		1,031	1,093
Current assets			
Trade and other receivables	9	**2,395,890**	2,099,540
Other current assets	10	**37,206**	26,826
Due from related parties	11	**1,928,313**	1,854,674
Other financial assets	12	**28,337**	27,565
Cash and cash equivalents	13	**50,786**	30,646
		4,440,532	4,039,251
Total assets		**4,441,563**	4,040,344
EQUITY AND LIABILITIES			
Shareholder's equity funds			
Share capital	14	**16,600**	16,600
Retained earnings		**2,344,470**	2,260,169
		2,361,070	2,276,769
Non-current liability			
Provision for staff end-of-service benefits	15	**6,176**	--
Current liabilities			
Short-term borrowings	16	**160,014**	115,430
Trade and other payables	17	**1,913,614**	1,643,989
Other current liabilities	18	**225**	2,214
Other financial liabilities	19	**464**	1,942
		2,074,317	1,763,575
Total liabilities		**2,080,493**	1,763,575
Total equity and liabilities		**4,441,563**	4,040,344

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

For **ADANI GLOBAL FZE**

Pranav S. Vora

DIRECTOR

AUDITORS PKF U.A.E.

ADANI GLOBAL FZE

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

	Notes	2022 AED '000	2021 AED '000
Revenue	21	**10,323,605**	5,672,674
Purchases of inventory (including direct costs)		**(10,206,344)**	(5,590,958)
Gross profit		**117,261**	81,716
Other income	22	**722**	435
Staff costs	23	**(13,744)**	(6,477)
Depreciation	24	**(356)**	(428)
Other expenses	25	**(6,395)**	(6,538)
Interest income	26	**262**	402
Finance costs	27	**(12,433)**	(17,315)
Reversal of/(impairment for) allowance for expected credit losses (net)	28	**41**	(695)
Changes in fair value of derivative financial instruments (net)		**(1,057)**	(10,436)
PROFIT FOR THE YEAR		**84,301**	40,664
Other comprehensive income:			
Other comprehensive income for the year		**--**	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**84,301**	40,664

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 2022

	Share capital	Retained earnings	Total
	AED '000	AED '000	AED '000
Balance at 1 April 2020	16,600	2,219,505	2,236,105
Total comprehensive income for the year	--	40,664	40,664
Balance at 31 March 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**

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

ADANI GLOBAL FZE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 AED '000	2021 AED '000
Cash flows from operating activities		
Profit for the year	**84,301**	40,664
Adjustments for:		
Depreciation of property, plant and equipment	**63**	84
Credit balances written-back	**(359)**	(272)
(Reversal of)/ Impairment for allowance for expected credit losses (net)	**(41)**	695
Interest income	**(262)**	(402)
Finance costs	**12,433**	17,315
Provision for staff end-of-service benefits	**6,293**	135
Changes in fair value of derivative financial instruments(net)	**1,057**	10,436
	103,485	68,655
Changes in:		
- Trade and other receivables	**(296,412)**	71,060
- Other current assets	**(10,380)**	(4,148)
- Trade and other payables	**270,027**	6,535
- Other current liabilities	**(1,989)**	2,177
Staff end-of service gratuity paid	**(22)**	(179)
Cash generated from/ (used in) operations	**64,708**	144,100
Interest paid	**(12,476)**	(18,497)
Net cash from operating activities	**52,233**	125,603
Cash flows from investing activities		
Payments for property, plant and equipment	**(1)**	--
(Increase)/decrease in other financial assets (net)	**(772)**	9,773
Interest received	**270**	442
Payments to related parties (net)	**(73,639)**	(367)
Decrease in derivative financial assets/ liabilities	**(2,535)**	(24,479)
Net cash used in investing activities	**(76,677)**	(14,631)
Cash flows from financing activities		
Receipts from/(payments of) trust receipts (net)	**44,584**	(221,979)
Payments to a related party (net)	**--**	(5,235)
Net cash from/(used in) financing activities	**44,584**	(227,214)
Net increase/(decrease) in cash and cash equivalents	**20,140**	(116,242)
Cash and cash equivalents at beginning of year	**30,646**	146,888
Cash and cash equivalents at end of year (note 13)	**50,786**	30,646

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 office is P. O. Box 17186, Dubai, UAE.

b) The Establishment is a wholly owned subsidiary of Adani Global Limited (the "parent company"), a private company incorporated in Mauritius. Adani Enterprises Limited, India, a public limited company is the "ultimate parent company".

c) The Establishment principally traded during the year in coal and metal scrap.

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 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 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.

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 Establishment's business performance has also been considered as part of management's assessment of the Establishment's ability to continue as a going concern. As the Establishment is principally engaged in trading of coal and metal scrap, COVID-19 is not expected to have a significant impact on the Establishment. Hence, the management has determined that there is no material uncertainty that casts doubt on the Establishment's ability to continue as a going concern.

As the impact of COVID-19 continues to evolve, the Establishment 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 which became effective 1 January 2021 or after, did not have any significant impact on the Establishment's financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark - Phase 2

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 2018-2020 (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 Establishment`s functional currency is US Dollar based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency. However, the financial statements are presented in UAE Dirhams ("AED") which is the currency of the country of domicile of the Establishment and the amounts presented are rounded to the nearest thousand, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Property, plant and equipment

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

Office units and residential apartments	6 – 7 years
Furniture, fixtures and office equipment	5 years
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 operating income/expenses' in profit or loss.

b) Investment property

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

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

c) 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.

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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.

d) **Inventories**

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

e) **Staff benefits**

The Establishment 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 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 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.

f) **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.

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

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good 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 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.

AUDITORS PKF U.A.E.

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.

g) ***Rental income***

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

h) **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.

Leases

As a lessee

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.

j) **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.

k) **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.

AUDITORS PKF U.A.E.

l) **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.

m) **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.

n) **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, it's 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.

o) **Value added tax**

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.

AUDITORS PKF U.A.E.

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

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

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

All other assets are classified as non-current.

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.

q) **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 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 instrument 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.

AUDITORS PKF U.A.E.

Recognition

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

Derecognition

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

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

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

Measurement

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

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

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

Financial assets at amortised cost

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

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

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Interest income, foreign exchange gains and losses and impairment 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.

Financial assets at FVTPL consists of derivative financial assets.

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 short-term borrowings, trade and other payables and other financial liabilites.

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.

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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 180 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.

r) **Derivatives financial instruments**

Derivatives that do not qualify for hedge accounting

The Establishment enters into derivative financial instruments with counter parties that 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.

s) **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 and investment property to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

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

Recognition of revenue and allocation of transaction price

Identification of performance obligations

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

Determine timing of satisfaction of performance obligation

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Carrying values of property, plant and equipment and investment property

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

Impairment

Assessments of net recoverable amounts of property, plant and equipment 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(q).

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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 6,176,493 (previous year AED Nil), 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 Establishment continues to assess the impact 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. However the management concluded that there is no significant impact of COVID-19 on its operations.

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 2020	2,850	8,743	1,214	12,807
Assets written-off	--	(3,205)	--	(3,205)
At 31 March 2021	2,850	5,538	1,214	9,602
Disposals	--	(258)	--	(258)
Additions	--	1	--	1
At 31 March 2022	**2,850**	**5,281**	**1,214**	**9,345**
Accumulated depreciation				
At 1 April 2020	2,850	8,567	1,213	12,630
Depreciation	--	83	1	84
Adjustments on assets written-off	--	(3,205)	--	(3,205)
At 31 March 2021	2,850	5,445	1,214	9,509
Depreciation for the year	--	63	--	63
Adjustment relating to disposals	--	(258)	--	(258)
At 31 March 2022	**2,850**	**5,250**	**1,214**	**9,314**
Carrying amount				
At 1 April 2020	--	176	1	177
At 31 March 2021	--	93	--	93
At 31 March 2022	**--**	**31**		**31**

(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 2,850,000 respectively) in the International City, Dubai.

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7. INVESTMENT PROPERTY

	Residential apartment [a] AED '000
Cost	
At 1 April 2020, 31 March 2021 and 31 March 2022	**3,992**
Accumulated depreciation	
At 1 April 2020, 31 March 2021 and 31 March 2022	**3,992**
Carrying amount	
At 1 April 2020, 31 March 2021 and 31 March 2022	**--**

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

8. INVESTMENT IN SUBSIDIARY

	2022 AED '000	2021 AED '000
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 investments in subsidiary held by the establishment are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Registered proportion (%) of ownership interest	
			2022	2021
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

9. TRADE AND OTHER RECEIVABLES

	2022 AED '000	2021 AED '000
Trade receivables	**2,385,798**	2,088,241
Less: Allowance for expected credit losses	**(321)**	(606)
	2,385,477	2,087,635
Advances to directors	**6,558**	6,519
Other advances	**--**	8
Accrued interest	**90**	98
Deposits	**88**	88
Other receivables	**3,677**	5,192
	2,395,890	2,099,540

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

Opening balance	**606**	2,282
Provision made during the year	**--**	397
Amount written-back during the year	**(41)**	--
Amount written-off during the year	**(244)**	(2,073)
Closing balance	**321**	606

- The Establishment holds letters of credit in favour of the Establishment as security against certain trade receivables.

- Trade receivables are assigned to bank as security against bank facilities (note 16).

		2022	2021
		AED '000	AED '000
10.	**OTHER CURRENT ASSETS**		
	Advances to suppliers	**36,523**	36,761
	Less: Allowance for expected credit losses on advance to suppliers	**(3)**	(12,268)
		36,520	24,493
	Prepayments	**597**	709
	VAT receivable (net)	**89**	1,624
		37,206	26,826

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

Opening balance	**12,268**	11,970
Provision made during the year	**--**	298
Amount written-off during the year	**(12,265)**	--
Closing balance	**3**	12,268

11. RELATED PARTIES

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

Related parties comprise parent company, ultimate parent company, 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 Companies under common ownership and/or common management control	Total 2022	Total 2021
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Included in trade and other receivables	1,090,910	--	10,519	--	6,558	314	**1,108,301**	
	217,460	--	--	--	6,519	314		224,293
Included in trade and other payables	--	--	--	516,521	--	--	**516,521**	
	--	--	10,882	65,660	--	4		76,546
Included in advances to suppliers	--	--	--	1,254		445	**1,699**	
	--	--	--	1,924	--	444		2,368
Due from related parties [a]	--	74,117	--	1,854,196	--	--	**1,928,313**	
	--	478	--	1,854,196	--	--		1,854,674
Investment in subsidiary	--	--	1,000	--	--	--	**1,000**	
	--	--	1,000	--	--	--		1,000
Provision for staff end-of-service benefits	--	--	--	--	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 29.

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

	Ultimate parent company	Parent company	Subsidiary company	Fellow subsidiaries	Directors	Total 2022	Total 2021
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Sales	2,765,692	--	37,100	1,685,501	--	**4,488,293**	
	861,938	--	--	718,137	--		1,580,075
Purchases of goods and services	--	--	--	1,814,168	--	**1,814,168**	
	--	--	38,728	963,026			1,001,754

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	Ultimate parent company AED '000	Parent company AED '000	Subsidiary company AED '000	Fellow subsidiaries AED '000	Directors AED '000	Total 2022 AED '000	Total 2021 AED '000
Remuneration and expenses	--	--	--	--	3,571	3,571	
	--	--	--	--	2,750		2,750
Finance income	--	--	--	--	--	--	
	--	--	46	--	--		46
Included in staff costs	--	--	3,881	--	6,176	10,057	
	--	--	3,651	--	--		3,651
Included in other expenses	--	--	2,421	--	--	2,421	
	--	--	1,199	--	--		1,199
Included in depreciation	--	--	293	--	--	293	
	--	--	344	--	--		344

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.

	2022 AED '000	2021 AED '000
12. OTHER FINANCIAL ASSETS		
Financial assets at amortised cost:		
- Fixed deposits	**115**	115
- Margin deposits	**28,222**	27,450
	28,337	27,565

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

13. CASH AND CASH EQUIVALENTS		
Cash on hand	**26**	85
Bank balances in:		
Current accounts	**49,544**	30,457
Call deposits	**1,216**	104
	50,786	30,646

14. 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

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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

		2022	2021
		AED '000	AED '000
15.	**PROVISION FOR STAFF END-OF-SERVICE BENEFITS**		
	Opening balance	--	176
	Provision for the year	6,293	135
	Transfer from a related party	(95)	(132)
	Paid during the year	(22)	(179)
	Closing balance	6,176	--
16.	**SHORT-TERM BORROWINGS**		
	Trust receipts	160,014	115,430
	An analysis by bank of amounts outstanding is as follows:		
	Axis Bank Ltd	3,020	1,548
	United Bank Limited	66,419	--
	Habib Bank	36,763	11,709
	Emirates NBD	53,812	66,314
	Punjab National Bank	--	35,859
		160,014	115,430
	A maturity analysis of total bank borrowings is as follows:		
	0 – 1 month	8,713	9,417
	1 – 3 months	50,710	62,343
	3 months – 1 year	100,591	43,670
		160,014	115,430

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

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		2022 AED '000	2021 AED '000
17.	**TRADE AND OTHER PAYABLES**		
	Trade payables	**1,911,005**	1,641,095
	Accruals	**1,896**	2,158
	Interest accrued	**683**	726
	Other payables	**30**	10
		1,913,614	1,643,989

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

18.	**OTHER CURRENT LIABILITIES**		
	Advance from customers	**225**	2,214
19.	**OTHER FINANCIAL LIABILITIES**		
	Derivatives not designated as hedging instruments:		
	- Derivative financial instruments	**464**	1,942

A reconciliation of the movements in the derivative financial instruments is as follows:

Opening balance	**1,942**	15,985
Changes in fair value of derivative financial instruments (net)	**1,057**	10,436
Deals closed during the year	**(2,535)**	(24,479)
Closing balance	**464**	1,942

20. **MANAGEMENT OF CAPITAL**

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

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

The Establishment is subject to externally imposed capital requirements as per the bank facilities availed. The Establishment has complied with all the capital requirements to which it is subject.

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

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21. 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.

	2022 AED '000	2021 AED '000
Major goods lines		
Trading		
- Coal	**9,804,030**	4,936,360
- Scrap metal products	**519,575**	172,290
- Agricultural products	**--**	564,024
	10,323,605	5,672,674
Timing of revenue recognition		
- At a point in time	**10,323,605**	5,672,674

22. OTHER INCOME

Rental income	**251**	140
Net exchange gains	**112**	23
Credit balances written-back	**359**	272
	722	435

23. STAFF COSTS

Staff salaries and benefits	**3,880**	3,600
Directors' remuneration	**3,571**	2,742
Staff end-of-service benefits	**6,293**	135
	13,744	6,477

Staff salaries and benefits include an amount of AED 3,786,550 (previous period AED 3,519,085) and staff end-of-service gratuity include an amount of AED 94,858 (previous period AED 131,649) 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 gratuity include an amount of AED 6,176,493 (previous year AED nil) relating to directors.

24. DEPRECIATION

On property, plant and equipment (note 6)	**63**	84
Add: recharged from a related party	**293**	344
	356	428

25. OTHER EXPENSES

Short-term lease expenses[a]	**93**	88
Donations	**344**	51
Other expenses[b]	**5,958**	6,399
	6,395	6,538

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(a) Short-term lease expenses include an amount of AED 75,300 (previous period AED 64,603) recharged by a related party.

(b) Other expenses include an amount of AED 2,345,839 (previous period AED 1,134,787) recharged by a related party.

		2022 AED '000	2021 AED '000
26.	**INTEREST INCOME**		
	On bank deposits	**196**	211
	On related parties	**--**	46
	On customer balances	**66**	145
		262	402
27.	**FINANCE COSTS**		
	Interest on bank borrowings	**9,715**	15,080
	Bank charges	**2,718**	2,235
		12,433	17,315
28.	**REVERSAL OF/ (IMPAIRMENT FOR) ALLOWANCE FOR EXPECTED CREDIT LOSSES (NET)**		
	On advance to suppliers	**--**	(298)
	On trade receivables	**41**	(397)
		41	(695)

29. **FINANCIAL INSTRUMENTS**

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	
	2022 AED 000's	2021 AED 000's	**2022 AED 000's**	2021 AED 000's
Financial assets				
Trade and other receivables	**--**	--	**2,395,890**	2,099,540
Due from related parties	**--**	--	**1,928,313**	1,854,674
Other financial assets	**--**	--	**28,337**	27,565
Cash and cash equivalents	**--**	--	**50,786**	30,646
	--	--	**4,403,326**	4,012,425
Financial liabilities				
Short-term borrowings	**--**	--	**160,014**	115,430
Trade and other payables	**--**	--	**1,913,614**	1,643,989
Other financial liabilities	**464**	1,942	**--**	--
	464	1,942	**2,073,628**	1,759,419

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Management of risks

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

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

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

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

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

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

Exposures to the aforementioned risks are detailed below:

Credit risks

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

Due from related parties and trade and other receivables are stated net of the allowance for doubtful recoveries in aggregate at AED 4,324,202,276 (previous year AED 3,954,213,700). At the reporting date, 68% of such receivables were due from two parties situated in India and Australia (previous year 78% of such receivables were due from three parties situated in Taiwan, Singapore and Australia).

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

	2022	2021
	AED`000	AED`000
Coal	2,349,482	2,018,197
Agro	--	46,609
Scrap metal and steel	36,580	23,434

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 31 March 2022.

	Loss rate		Gross carrying amount		Loss allowance	
	2022	2021	2022	2021	2022	2021
	%	%	AED`000	AED`000	AED`000	AED`000
Not past due	--	0.00%	2,385,477	2,087,635	--	--
Past due	100.00%	100.00%	321	606	321	606
			2,385,798	2,088,241	321	606

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

Currency risk

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

Interest rate risk

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

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 1,600,144 higher or lower (previous year AED 1,154,297) resulting in equity being lower or higher by such amount.

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Fair values

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

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

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

	Level 1		Level 2		Level 3		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	AED 000	AED 000	**AED 000**	AED 000	**AED 000**	AED 000	**AED 000**	AED 000
Derivative financial instruments (Cr)	**–**	--	**464**	(1,942)	**--**	--	**464**	1,942

		2022	2021
		AED '000	AED '000
30.	**CONTINGENT LIABILITIES**		
	Letters of guarantee	**112**	112
	Unutilised balances of commercial letters of credit	**33,462**	39,383

31. **COMPARATIVE INFORMATION**

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

For **ADANI GLOBAL FZE**

DIRECTOR

AUDITORS PKF U.A.E.