

BOWEN RAIL OPERATION PTE. LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

| | <u>Note</u> | <u>2020</u> <u>US\$</u> |
|-------------------------------------|-------------|----------------------------|
| ASSETS | | |
| Non-current assets | | |
| Investment in subsidiaries | (7) | <u>1,375</u> |
| Total non-current assets | | <u>1,375</u> |
| Current asset: | | |
| Other Receivable | (8) | <u>5,000</u> |
| Total current asset | | <u>5,000</u> |
| Total assets | | <u>6,375</u> |
| EQUITY AND LIABILITIES | | |
| Capital and reserves: | | |
| Share capital | (9) | <u>5,000</u> |
| Accumulated loss | | <u>(2,355)</u> |
| Total capital deficiency | | <u>2,645</u> |
| Current liabilities: | | |
| Other payables | (11) | <u>3,730</u> |
| Total current liabilities | | <u>3,730</u> |
| Total liabilities | | <u>3,730</u> |
| Total equity and liabilities | | <u>6,375</u> |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

For - BOWEN RAIL OPERATION PTE. LTD.

Sandeep Mehta
Director
Date :
Place :

BOWEN RAIL OPERATION PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 11 DECEMBER 2019 (DATE OF
INCORPORATION) TO 31 MARCH 2020

| | <u>Note</u> | 11 Dec2019 To 31 Mar 2020 <u>US\$</u> |
|--|-------------|--|
| Revenue | | - |
| Administrative expenses | | <u>(2,355)</u> |
| Loss before income tax | (12) | (2,355) |
| Income tax expense | (13) | <u>-</u> |
| Loss for the year | | (2,355) |
| Other comprehensive income | | <u>-</u> |
| Total comprehensive loss for the year | | <u>(2,355)</u> |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

For - BOWEN RAIL OPERATION PTE. LTD.

Sandeep Mehta
Director
Date :
Place :

BOWEN RAIL OPERATION PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 11 DECEMBER 2019 (DATE OF INCORPORATION) TO 31 MARCH 2020

| | Share Capital | Share Application Money | Accumulated Loss | Total |
|--|------------------|-------------------------------|---------------------|---------|
| | US\$ | | US\$ | US\$ |
| Balance as at date of incorporation, 11 December 2019 | 5,000 | - | - | 5,000 |
| Issue of share application | - | - | - | - |
| Total comprehensive loss for the year | - | - | (2,355) | (2,355) |
| Balance as at 31 March 2020 | 5,000 | - | (2,355) | 2,645 |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

For - BOWEN RAIL OPERATION PTE. LTD.

Sandeep Mehta
Director
Date :
Place :

BOWEN RAIL OPERATION PTE. LTD.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 11 DECEMBER 2019 (DATE OF
INCORPORATION) TO 31 MARCH 2020

| | <u>Note</u> | 11 Dec 2019 To 31 Mar 2020 US\$ |
|---|-------------|--|
| Cash flows from operating activities | | |
| Loss before income tax and working capital changes | | (2,355) |
| Other payables | | 2,355 |
| Other Receivable | | <u>(5,000)</u> |
| Net cash used in operating activities | | <u>(5,000)</u> |
| Investing activity: | | |
| Investment in subsidiaries | | <u>(1,375)</u> |
| Net cash used in investing activity | | <u>(1,375)</u> |
| Financing activities: | | |
| Proceed from issue of ordinary shares | (9) | 5,000 |
| Proceed from subsidiaries | (14) | <u>1,375</u> |
| Net cash generated from financing activities | | <u>6,375</u> |
| Net increase in bank balance | | - |
| Bank balance at beginning of year | | <u>-</u> |
| Bank balance at end of year | | <u>-</u> |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

For - BOWEN RAIL OPERATION PTE. LTD.

Sandeep Mehta
Director
Date :
Place :

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

(b) **GENERAL**

BOWEN RAIL OPERATION Pte. Ltd. ("the Company") (Registration number: 201941837r) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office and principal place of business at:

1. Raffles Place #33-20
UOB Plaza Singapore
048624

The principal activities of the Company are to develop, operate and maintain ports and related infrastructure facilities.

As at the end of the reporting date, the Company has incurred a net loss of **US\$2,355** during the financial year ended 31 March 2020. Immediate holding company will continue to provide financial support to the Company to enable it to discharge its obligations as and when they fall due.

The financial statements of the Company for the financial year ended 31 March 2020 were authorised for issue by the Board of Directors on _____.

80 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2.1 Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are described in Note 5.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumption. The areas involving a higher degree of judgement or complexity or areas when assumption and estimates are significant to the financial statement as disclosed in Note 4.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.1 Basis of Accounting – cont'd

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumption. The areas involving a higher degree of judgement or complexity or areas when assumption and estimates are significant to the financial statement as disclosed in Note 4.

2.2 Changes in Accounting Policies

2. Adoption of new and revised FRSs

In the current financial period, the company has adopted all the new and revised FRSs and INT FRSs issued by the ASC that are relevant to its operations and effective for annual periods beginning on or after 1 April 2019. The adoption of these new/revised FRSs did not result in changes to the company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

3. Standards issued but not yet effective

As at the date of the authorisation of these financial statements, the company has not adopted the following FRSs and INT FRSs that have been issued but not yet effective:

| <u>Reference</u> | <u>Description</u> | <u>Effective for annual periods beginning on or after</u> |
|------------------|--|---|
| Various | Amendments to Reference to the Conceptual Framework in FRS standards | 1 January 2020 |
| FRS 1 & FRS 8 | Amendments to FRS 1 and FRS 8: Definition of Material | 1 January 2020 |

The Company expect that the adoption of the above standards, interpretations and improvements, if applicable, will have no material impact on the financial statements in the period of initial application.

2.3. Functional and Foreign Currency

2. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements of the Company are presented in United States dollar, which is also the functional currency of the Company.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.3. Functional and Foreign Currency

(a) Foreign currency transactions

Transactions in foreign currencies have been converted into United States dollar at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies at the end of reporting period have been converted into United States dollar at the rates of exchange approximating those ruling at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transactions. Non-monetary assets and liabilities measured at fair value are measured at exchange rates ruling at the dates the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

2.4. Investment in Subsidiaries

Subsidiary is an entity controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investment, the difference between the net disposal proceed and their carrying amounts is included in profit or loss.

These financial statements are the separate financial statements of the Company.

The Company is exempted from the requirement to prepare consolidated financial statements as the Company itself is the wholly owned subsidiary of another entity, Adani Ports and Special Economic Zone Limited produces the consolidated financial statements which are available for public use.

2.5. Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.5. Impairment of Non-Financial Assets – cont'd

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 (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but 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 (or 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.

2.6. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.7. Related Parties

A related party is a person or an entity related to the Company and is further defined as follows:

- (a) A person or a close member of that person's family is related to the Company if he or she:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.7 Related Parties – cont'd

- (b) An entity is related to a Company if any of the following conditions applies:
- (v) the entity and the Company are members of the same group i.e. each parent, subsidiary and fellow subsidiary is related to the others;
 - (vi) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
 - (vii) both entities are joint ventures of the same third party;
 - (viii) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (ix) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (x) the entity is controlled or jointly controlled by a person identified in (a); or
 - (xi) a person identified in (a) has significant influence over the Company or is a member of the key management personnel of the Company or of a parent of the Company;
 - (xii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS 24.

2.8. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company operate by the end of reporting period.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.8. Income Tax – cont'd

(b) Deferred tax

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

2.9. Provision

Provisions are recognised when the Company has present obligations (legal or constructive) as a result of a past event, it is probable that the Company 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows 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 the receivable can be measured reliably.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

2.10. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.11. Events after the Reporting Period

Events after the reporting period that provide additional information about the Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

3.1. Financial Assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the assets within the timeframe established by the market concerned.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

(a) FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

Classification and subsequent measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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. The Company initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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 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 cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate (EIR) method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in other income.

As at the reporting date, the Company's debt instruments at amortised cost consist of other receivables.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

Impairment of financial assets – cont'd

The Company recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit loss is the expected credit loss that result from default events that are possible within 12 months after the reporting date.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets gross carrying amount at the reporting date; or for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at reporting date, together with any additional amounts expected to be draw down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows for the Company in accordance with the contract and all the cash flows that the Company expects to receive, discount at the original effect interest rate.

Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

(a) FINANCIAL INSTRUMENTS – cont'd

3.1. Financial Assets – cont'd

Derecognition of financial assets – cont'd

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

3.2. Equity and Financial Liabilities

Equity instruments issued by the Company and financial liabilities are classified accordingly to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

Share capital and share application money are classified as equity instruments.

Financial liabilities

Financial liabilities consist of other payables.

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payables, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical Judgement in Applying Accounting Policies

In the application of the Company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

(b) **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – cont'd**

4.1 Critical Judgement in Applying Accounting Policies – cont'd

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of investment in subsidiaries

The Company follows the guidance of FRS 36 in determining the recoverability of its investments in subsidiaries. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The Company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information.

The carrying amount of investment in subsidiaries is disclosed in Note 7 to the financial statements.

3. Loss allowance for impairment on other receivables

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the existing and forecast industry outlook of the related parties as well as forward looking estimates at the end of each reporting period. The information about the ECLs is disclosed in Note 5.2(a).

The carrying amount of the other receivables is disclosed in Note 8.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – cont'd

4.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of investment in subsidiaries

The Company follows the guidance of FRS 36 in determining the recoverability of its investments in subsidiaries. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The Company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information.

The carrying amount of investment in subsidiaries is disclosed in Note 7 to the financial statements.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

5.1 Categories of Financial Assets and Financial Liabilities

The categories of financial assets and financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

| | <u>2020</u> <u>US\$</u> |
|-------------------------------------|----------------------------|
| <u>Financial asset</u> | |
| At amortised cost: | |
| - Other receivable | <u>5000</u> |
| <u>Financial liabilities</u> | |
| At amortised cost: | |
| - Other payables | <u>3,730</u> |

5.2 Financial Risk Management Policies and Objectives

The Company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the Company. The Company, however, does not have any written risk management policies and guidelines. The management meet periodically to analyse, formulate and monitor the following risk management of the Company and believe that the financial risks associated with these financial instruments are minimal. The Company adopt systematic approach towards risk assessment and management. This is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile. There has been no change to the Company's exposure to the financial risks or the manner in which it manages and measures the risk.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risks and liquidity risk. The Company is not significantly exposed to interest rate risk.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages measures the risk.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations to repay amounts owing to the Company resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from loan to subsidiaries and related parties and bank balance.

It is the Company's policy to enter into transactions with creditworthy counterparties to mitigate any significant credit risk. The Company has procedures in place to control credit risk and that exposure to such risk is monitored on an ongoing basis.

Risk management practices

General approach

The Company considers the probability of default upon initial recognition of asset and at each reporting date, assesses whether there has been a significant increase in credit risk since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

Default event

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 90 days or there is significant difficulty of the counterparty.

Significant increase in credit risk

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 supportable 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 assessment and includes forward-looking information such as the following:

- Internal credit rating
- External credit rating
- Actual and expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operation results of the debtor

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Significant increase in credit risk – cont'd

- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the payment status of debtors in the Company and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase on credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

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

Low credit risk

The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

A financial asset is considered to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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 asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the counter-party or the borrower;
- A breach of contract, such as default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial assets because of financial difficulties.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Write-off policy

The Company categorises a receivable for potential write-off when:

- There is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery or
- When a debtor fails to make contractual payments more than 365 days past due.

Where receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company's current credit risk grading framework comprises the following categories:

| Category | Definition of category | Basis for recognising expected credit loss (ECL) |
|----------|---|--|
| I | Counterparty has a low risk of default and does not have any past due amounts and a strong capacity to meet contractual cash flows | 12-month ECL |
| II | Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL – not credit impaired |
| III | Amount is > 90 days past due to or there is evidence indicating the asset is credit-impaired (in default) | Lifetime ECL – credit impaired |
| IV | Amount is > 365 days past due or there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. | Amount is written off |

There are no significant changes to estimation techniques or assumptions made during the reporting period.

Simplified approach

Where applicable, the Company will apply the simplified approach using the provision matrix to provide for ECLs for trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The provision matrix is based on historical credit loss experience over the past three years and adjusted for forward-looking estimates. Trade receivables are grouped based on similar credit risk characteristics and days past due.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

(a) Credit risk – cont'd

Expected Credit Loss Assessment

The following are qualitative information about amounts arising from expected credit losses for bank balance.

- Loss allowance on bank balance

Loss allowance on bank balance is measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on bank balances is insignificant.

(b) Foreign currency exchange rate risk

The Company transacts business in various foreign currencies, including the Singapore dollar and therefore is exposed to foreign exchange risk. Foreign currency exchange rate risk exposures are naturally hedged as both cost of sales, purchases and sales are denominated in the above currencies. This natural hedge reduces significantly the financial impact of movements in the foreign currency exchange rates. Management believes that the foreign currency exchange rate risk is manageable. Hence, the Company does not use derivative financial instruments to mitigate this risk.

The Company's exposure to foreign currency exchange rate risk is presented as follows in United States dollar:

| | Singapore dollar Impact |
|------------------------------|------------------------------------|
| | <u>2020</u> |
| | <u>US\$</u> |
| Financial liabilities | |
| Other payables | <u>(2,355)</u> |
| Net exposure | <u>(2,355)</u> |

Sensitivity analysis

The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 10% increase or decrease is used when reporting foreign currency exchange rate risk internally to key management personnel and represents management's assessment of the possible change in exchange rates.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

(b) Foreign currency exchange rate risk – cont'd

A 10% strengthening United States dollar against the following currency would increase/(decrease) profit or loss and equity by the amount shown below:

| | <u>2020</u> US\$ |
|-------------------------|---------------------|
| Singapore dollar impact | - |

A 10% weakening of United States dollar against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

(c) Liquidity risk management

Liquidity risk refer to risk that the Company will not have sufficient funds to pay its debts as and when they fall due.

The Company is exposed to liquidity risk. Its immediate holding company has agreed to provide unconditional financial support to the Company to enable it to discharge its obligations as and when they fall due as stated in Note 1 to the financial statements.

The following table summarises the Company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Company is expected to pay.

| | <u>Effective interest rate (%)</u> | <u>Contractual undiscounted cash flows</u> | | |
|-------------------------------|------------------------------------|--|---------------------------------|----------------------|
| | | <u>Carrying amount</u> US\$ | <u>Less than 1 year</u> US\$ | <u>Total</u> US\$ |
| <u>2020</u> | | | | |
| Financial liabilities: | | | | |
| <u>Amortised cost</u> | | | | |
| Other payables | - | <u>3,730</u> | <u>3,730</u> | <u>3,730</u> |

(d) Fair value of financial assets and financial liabilities

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained through discounted cash flow models as appropriate.

Management has determined that the carrying amounts of bank balance and other payables based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES – cont'd

5.2 Financial Risk Management Policies and Objectives – cont'd

(d) Fair value of financial assets and financial liabilities – cont'd

The Company does not anticipate that the carrying amounts recorded at end of the reporting period would significantly be different from the values that would eventually be received or settled.

(e) Capital risk management policies and objectives

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The Company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables less bank balances. Total capital is calculated as equity plus net debt. The Company's overall strategy remains unchanged during the year.

| | <u>2020</u> <u>US\$</u> |
|---------------------|----------------------------|
| Other payables | 3,730 |
| Less: Bank balances | - |
| Net debt | <u>3,730</u> |
| Total equity | <u>1,270</u> |
| Total capital | <u>5,000</u> |
| | |
| Gearing ratio | <u>75%</u> |

The Company is not subject to any externally imposed capital requirements.

6. HOLDING COMPANY AND RELATED PARTY TRANSACTION

The Company is a wholly owned subsidiary of Adani Ports And Special Economic Zone Limited, incorporated in India.

The following significant related party transactions took place during the financial year:

| | <u>2020</u> <u>US\$</u> |
|---------------------------|----------------------------|
| Immediate holding company | |
| - Issue of share capital | <u>5,000</u> |

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. INVESTMENT IN SUBSIDIARIES

| | | | <u>2020</u> |
|--------------------------------|---|---|---|
| | | | US\$ |
| Unquoted equity shares at cost | | | <u>1,375</u> |
| <u>Name of subsidiaries</u> | <u>Place of business and country of incorporation</u> | <u>Principal activities</u> | <u>Proportion of ownership interest</u> |
| | | | <u>2020</u> |
| | | | % |
| | | | <u>Proportion of voting power held</u> |
| | | | <u>2020</u> |
| | | | % |
| Bowen Rail Company Pty Ltd | Australia | Develop, operate and maintain rail ops project and related infrastructure facilities. | 100 |
| | | | 100 |

The subsidiaries' financial statements are audited by Prudential Public Accounting Corporation.

The financial statements of its subsidiaries has not been consolidated with the Company's financial statements for reason that the Company itself is a wholly owned subsidiary of another corporation, Adani Ports and Special Economic Zone Limited, with registered office at Adani House, Near Mithakhali Circle, Navrangpura Ahmedabad 380009, Gujarat, India and prepares the consolidated financial statement. These consolidated financial statements are available for public use at the registered office of the Company.

At the end of the reporting period, the Company carried out a review on the recoverable amount of its investment in subsidiaries. There was no allowance for impairment required for the subsidiaries.

8. OTHER RECEIVABLE

| | <u>2020</u> |
|---|-------------|
| | US\$ |
| Amount due from Immediate holding company | <u>5000</u> |

The amount owing from immediate holding company are unsecured , interest free. Other receivable denominated in United States dollar.

9. SHARE CAPITAL

| | <u>2020</u> | <u>2020</u> |
|---------------------------|------------------------|--------------|
| | Number of | US\$ |
| | <u>ordinary shares</u> | |
| <u>Issued and paid up</u> | | |
| Ordinary shares | <u>5,000</u> | <u>5,000</u> |

At date of incorporation, the Company issued 5,000 ordinary shares at US\$1 per ordinary share for cash to the subscribers according to the Memorandum of Association.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

9. **SHARE CAPITAL – cont'd**

The fully paid ordinary shares which have no par value carry one vote per share and a right to dividends as and when declared by the Company.

10. **SHARE APPLICATION MONEY**

During the year ,the immediate holding company paid US\$ NIL as Share Application Money.

11. **OTHER PAYABLES**

| | <u>2020</u> US\$ |
|-----------------------------|---------------------|
| Amounts due to subsidiaries | 1,375 |
| Other payable | <u>2,355</u> |
| | <u>3,730</u> |

Amounts due to subsidiaries are unsecured, interest-free and payable on demand.

12. **LOSS FOR THE YEAR**

Loss for the year has been arrived at after charging:

| | <u>2020</u> US\$ |
|------------------|---------------------|
| Professional fee | <u>2,355</u> |

13. **INCOME TAX**

No provision for income tax was provided as there was no chargeable income during the year.

BOWEN RAIL OPERATION PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

14. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

| | <u>Amount due to subsidiaries (Note 11) US\$</u> |
|------------------------------|--|
| At 11 December 2019 | - |
| <i>Financing cash flows:</i> | |
| - Loan proceeds | <u>1,375</u> |
| At 31 March 2020 | <u><u>1,375</u></u> |

15. COMPARATIVE FIGURES

The financial statements cover the financial period since incorporation on 11 December 2019 to 31 March 2020. This being the first set of financial statements, there are no comparative figures.

16. CONTINGENT LIABILITIES NOT PROVIDED FOR

Based on the information available with the Company, there is NIL contingent liability at the year ended March 31, 2020.

17. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature has arisen in the interval between the end of the reporting period and the date of this report which is likely to affect substantially the results of operations of the Company for the succeeding financial year.

For - BOWEN RAIL OPERATION PTE. LTD.

Sandeep Mehta
Director
Date :
Place :