The Adani Harbour International DMCC

Financial Statements for the FY - 2022-23

THE ADANI HARBOUR INTERNATIONAL DMCC

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
PERIOD ENDED 31 MARCH 2023

THE ADANI HARBOUR INTERNATIONAL DMCC

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD ENDED 31 MARCH 2023

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of THE ADANI HARBOUR INTERNATIONAL DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **THE ADANI HARBOUR INTERNATIONAL DMCC** (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2(c) to the financial statements, which states that the Company incurred a loss of AED 504,770 for the period ended 31 March 2023 and at that date, the Company's losses aggregated to AED 504,770 and it had a net deficit of AED 404,770 in equity funds. Hence, the Company is dependent on continuing financial support from the shareholder. The shareholder has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due.

Our opinion is not modified in respect of this matter.

Basis of Preparation and Restriction on Use and Distribution

We draw attention to Note 2(a) to the financial statements, which states that these financial statements have been prepared for the purpose of preparation of consolidated financial statements of the ultimate parent company, and hence may not be suitable for another purpose. Further, these financial statements are not the statutory financial statements of the Company. Our opinion is not modified in respect to this matter.

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PKF Accountants & business advisers

INDEPENDENT AUDITOR'S REPORT
(continued)

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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INDEPENDENT AUDITOR'S REPORT
(continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that 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.

For **PKF**

AUDITORS PKF U.A.E.

S.D. Pereira
Partner
Auditor registration no. 552
Dubai
United Arab Emirates
13 April 2023

THE ADANI HARBOUR INTERNATIONAL DMCC

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Notes	31.03.2023 (Note 18) AED
ASSETS		
Current assets		
Deposits and other receivables	6	28,755
Cash and cash equivalents	8	704,243
Total assets		732,998
EQUITY AND LIABILITIES		
Equity funds		
Share capital	9	100,000
Accumulated losses		(504,770)
Deficit in equity funds		(404,770)
Non-current liabilities		
Loan from shareholder	10	1,101,000
Provision for staff end-of-service benefits	11	15,381
		1,116,381
Current liabilities		
Accruals	12	21,387
		21,387
Total liabilities		1,137,768
Total liabilities net of deficit in equity funds		732,998

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved and authorised for issue by the shareholder on 6 April 2023 and signed on their behalf by Mr. Pranav Vora and Mr. Vishwas Shah.

For **THE ADANI HARBOUR INTERNATIONAL DMCC**

Pranav S. Vora

Pranav Vora
Director

Vishwas Shah
Director

ذا اداني هاربور إنترناشيونال م.د.م.س
Dubai - U.A.E.
THE ADANI HARBOUR INTERNATIONAL DMCC

AUDITORS PKF U.A.E.

THE ADANI HARBOUR INTERNATIONAL DMCC

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

	Notes	22.12.2022 to 31.03.2023 (Note 18) AED
Revenue		--
Staff costs	14	(403,702)
Other operating expenses	15	(92,281)
Finance costs	16	(8,787)
LOSS FOR THE PERIOD		(504,770)
Other comprehensive income:		
Other comprehensive income for the period		--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(504,770)

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

AUDITORS PKF U.A.E.

THE ADANI HARBOUR INTERNATIONAL DMCC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2023

	Share Capital AED	Accumulated losses AED	Total AED
Issue of share capital	100,000	--	100,000
Total comprehensive income for the period	--	(504,770)	(504,770)
Balance at 31 March 2023	**100,000**	**(504,770)**	**(404,770)**

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

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THE ADANI HARBOUR INTERNATIONAL DMCC

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023

	22.12.2022 to 31.03.2023 (Note 18) AED
Cash flows from operating activities	
Loss for the period	(504,770)
Adjustments for:	
Finance costs	8,787
Provision for staff end-of-service benefits	15,381
	(480,602)
Changes in:	
– Deposits and other receivables	(28,755)
– Accruals	12,600
Net cash used in operating activities	(496,757)
Cash flows from financing activities	
Issue of share capital	100,000
Receipt of loan from the shareholder	1,101,000
Net cash from financing activities	1,201,000
Net increase in cash and cash equivalents	704,243
Cash and cash equivalents at beginning of period	--
Cash and cash equivalents at end of period (note 8)	704,243

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 1 to 3.

AUDITORS PKF U.A.E.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **THE ADANI HARBOUR INTERNATIONAL DMCC** (the "Company") is a free zone company registered with Dubai Multi Commodity Centre Authority, Dubai, United Arab Emirates, in accordance with the provisions of Dubai Multi Commodities Centre DMCC Company Regulations, 2020. The registered address is Unit No. 2701, JBC5, Plot no: JLT–PH2–W1A, Jumeirah Lakes Towers, Dubai, UAE. The Company was registered on 3 January 2023.

b) The Company's principal activities as per the trade license number DMCC-870785 issued by Dubai Multi Commodities Centre are chartering of ship, barges and tugs charter, sea freight and passengers charter and investing in commercial enterprises and management.

c) These are the first set of the financial statements for the Company which are prepared for a period from 22 December 2022 (being the date of incorporation) to 31 March 2023.

d) The parent company is The Adani Harbour Services Limited, a public limited company incorporated in India and the ultimate parent company is Adani Ports and Special Economic Zone Limited, a public listed company incorporated in India.

2. **BASIS OF PREPARATION**

a) **Statement of compliance**

The financial statements have been prepared for the purpose of preparation of consolidated financial statements of the ultimate parent company, and hence may not be suitable for another purpose or distributed to other parties. These financial statements are not the statutory financial statements of the Company.

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 on or after 1 April 2022.

b) **Basis of measurement**

The financial statements are prepared using historical cost.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) **Going concern**

The financial statements are prepared on a going concern basis.

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

AUDITORS PKF U.A.E.

The Company incurred a loss of AED 504,770 for the period ended 31 March 2023 and at that date, the Company's losses aggregated to AED 504,770 and it had a net deficit of AED 404,770 in equity funds.

The shareholder has agreed to continue with the operations of the Company and provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

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

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

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

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, are as follows:

a) **Staff benefits**

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

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

b) **Leases**

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

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

c) **Cash and cash equivalents**
Cash and cash equivalents comprise cash and bank current accounts.

d) **Foreign currency transactions**
Transactions in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into USD at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

e) **Provisions**
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

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

g) **Value added tax**
As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), needs to be charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Company does not have any output taxable supplies of goods or services. As VAT registration is not mandatory in UAE for such an entity, the Company has opted not to register under VAT.

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

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

i) **Financial instruments**

Classification

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

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

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

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

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

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Recognition

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

Derecognition

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

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

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

Measurement

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

On initial recognition, the Company 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 financial liabilities.

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss, using the effective interest method. All other financial assets are subsequently measured at fair value.

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

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

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The financial assets at amortised cost comprise of deposits and other receivables and cash and cash equivalents.

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

Financial liabilities at amortised cost comprise of accruals and loan from shareholder.

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

Loss allowances are measured on either of the following basis:

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

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

- Bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

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

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

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity

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

j) **Fair value measurement**

The Company 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.

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:

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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 Company's business model for managing them.

Impairment

The Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs or Lifetime ECLs depending on credit risk characteristics.

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:

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 key assumptions and inputs used are disclosed in note 3 (i).

Staff end-of-service benefits

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 15,381, 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.

	31.03.2023 (Note 18) AED
6. DEPOSITS AND OTHER RECEIVABLES	
Deposits	5,600
Other receivables	23,155
	28,755

7. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at arm's length price.

Related parties comprise parent company, directors and key management personnel.

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At the reporting date significant balances with Parent company were as follows:

	31.03.2023 (Note 18) AED
Loan from shareholder	1,101,000
Included in accruals	8,787

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in notes 10 and 17.

The Company also receives funds from related parties as working capital facilities at agreed rates of interest.

During the period ended 31March 2023, significant transactions with Parent company comprise of finance cost amounting to AED 8,787.

	31.03.2023 (Note 18) AED
8. CASH AND CASH EQUIVALENTS	
Cash on hand	28,432
Bank balances in current accounts	675,811
	704,243
9. SHARE CAPITAL	
Issued and paid up:	
100 shares of AED 1,000 each held by The Adani Harbour Services Limited, India	100,000
10. LOAN FROM SHAREHOLDER	
Loan availed during the period	1,101,000
Closing balance	1,101,000

The above loan is at variable rate of interest (Term secured overnight financing rate + spread 250 bps per annum), which is payable as per the loan agreement. The repayment date of the loan is 31 March 2026, however the term can be extended as per the mutual agreement between the parties.

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		31.03.2023 (Note 18) AED
11.	**PROVISION FOR STAFF END-OF-SERVICE BENEFITS**	
	Provision for the period	15,381
	Closing balance	15,381
12.	**ACCRUALS**	
	Accruals for expenses[(a)]	21,387

(a) Accruals for expenses include accrued interest on loan from shareholder of AED 8,787.

The entire accruals are due for payment within one year from the reporting date.

13. MANAGEMENT OF CAPITAL

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

Capital comprises equity funds as presented in the statement of financial position together with loan from the shareholder. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

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

		22.12.2022 to 31.03.2023 (Note 18) AED
14.	**STAFF COSTS**	
	Staff salaries and benefits	388,321
	Staff end-of-service benefits	15,381
		403,702

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		22.12.2022 to 31.03.2023 (Note 18) AED
15.	**OTHER OPERATING EXPENSES**	
	License fees	44,874
	Travelling expenses	24,352
	Other expenses	23,055
		92,281
16.	**FINANCE COSTS**	
	On loan from shareholder	8,787

17. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments

Classification and fair values

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

	At amortised cost 31.03.2023 (Note 18) AED
Financial assets	
Deposits and other receivables	28,755
Cash and cash equivalents	704,243
	732,998
Financial liabilities	
Loan from shareholder	1,101,000
Accruals	21,387
	1,122,387

Fair value measurement and disclosures

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

The fair values of cash and cash equivalents, deposits and other receivables, accruals and other financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to determine the fair values of other financial liability:

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Fair value of loan from shareholder is estimated by discounting future cash flows using rates currently available for debts on similar items, credit risk and remaining maturities. As at the reporting date, the carrying amount of such liability, is not materially different from its fair value.

Financial risk management

Risk management objectives

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

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

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

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

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

Credit risk

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

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

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank accounts and deposits and other receivables.

The Company's bank accounts are placed with high credit quality financial institutions.

Liquidity risk

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

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

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

	Less than one year	More than one year	Total
	2023	2023	2023
	AED	AED	AED
Loan from shareholder	--	1,101,000	1,101,000
Accruals	21,387	--	21,387
	21,387	1,101,000	1,122,387

Market risk

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

Currency risk

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

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

Interest rate risk

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

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 11,010 higher or lower resulting in equity being higher or lower by AED 11,010.

18. **COMPARATIVE INFORMATION**

These are the first set of the financial statements for the Company since the date of its incorporation, i.e. 22 December 2022 and hence, no comparative information is presented.

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19. **CORPORATE TAX**

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

For **THE ADANI HARBOUR INTERNATIONAL DMCC**

Pranav Vora
Director

Vishwas Shah
Director

Dubai - U.A.E.

AUDITORS PKF U.A.E.