

**The Adani Harbour**  
**International DMCC, UAE**

**Financial Statements for the**  
**FY - 2023-24**



# THE ADANI HARBOUR INTERNATIONAL DMCC

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD ENDED 31 MARCH 2024

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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 2024, 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 2024, 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 22,994,981 for the period ended 31 March 2024 and at that date, the Company's losses aggregated to AED 22,994,981 and it had a net deficit of AED 22,894,981 in equity funds. Hence, the Company is dependent on the continuing financial support from the shareholder. The shareholder has agreed to continue with the operations of the Company and has agreed to 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.

Our opinion is not modified in respect of this matter.

*continued...*

**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 their compliance with the applicable provisions of Dubai Multi Commodities Centre Authority Regulations 2020, 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.

*continued...*



**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.

**Report on Other Legal and Regulatory Requirements**

We further confirm that the financial statements comply with applicable provisions of Dubai Multi Commodities Centre Authority Regulations 2020. Further, as referred in Note 2(c) to the financial statements, since the losses of the Company exceeded 85% of its share capital, as required by Dubai Multi Commodities Centre Authority Regulations, 2020, the shareholder of the Company has acknowledged the losses and resolved to continue with the operations of the Company.

As required by the applicable provisions of Dubai Multi Commodities Centre Authority Regulations 2020, we report that:

- the financial statements have been prepared in accordance with International Financial Reporting Standards;
- the financial statements give a true and fair view of the profit or loss of the Company for the financial year;
- the financial statements give a true and fair view of the state of the Company's affairs at the end of the financial year;
- the Company has undertaken only activities permitted under its Licence.

For **PKF**



**S.D. Pereira**

**Partner**

Auditor registration no. 552

Dubai, United Arab Emirates

19 April 2024

# THE ADANI HARBOUR INTERNATIONAL DMCC

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	31.03.2024 (Note 27) AED
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6	146,962,645
Investment in joint venture	7	5,900
Capital advances	8	11,303,600
		<u>158,272,145</u>
<b>Current assets</b>		
Trade and other receivables	9	1,142,009
Other current assets	10	656,610
Cash and cash equivalents	11	6,952,946
		<u>8,751,565</u>
<b>Total assets</b>		<u><u>167,023,710</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity funds</b>		
Share capital	12	100,000
Accumulated losses		(22,994,981)
<b>Deficit</b>		<u>(22,894,981)</u>
<b>Non-current liabilities</b>		
Loan from shareholder	14	185,461,250
Provision for staff end-of-service benefits	15	157,409
Lease liabilities	16	119,511
		<u>185,738,170</u>
<b>Current liabilities</b>		
Accruals and other payables	17	3,927,561
Other current liabilities	18	141,809
Lease liabilities	16	111,151
		<u>4,180,521</u>
<b>Total liabilities</b>		<u>189,918,691</u>
<b>Total liabilities less deficit</b>		<u><u>167,023,710</u></u>

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 19 April 2024 and signed on their behalf by Mr. Vishwas Shah.

For THE ADANI HARBOUR INTERNATIONAL DMCC

  
Vishwas Shah  
Director



# THE ADANI HARBOUR INTERNATIONAL DMCC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2024

	Notes	22.12.2022 to 31.03.2024 (Note 27) AED
Revenue	20	2,182,742
Other operating income		493,944
Staff costs	21	(10,347,180)
Depreciation	6	(1,846,674)
Other expenses	22	(9,859,531)
Finance costs	23	(3,641,709)
Interest income on fixed deposit		23,427
<b>LOSS FOR THE PERIOD</b>		<b>(22,994,981)</b>
<b>Other comprehensive income:</b>		
Other comprehensive income for the period		--
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(22,994,981)</b>

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.





# THE ADANI HARBOUR INTERNATIONAL DMCC

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

	Share capital AED	Accumulated losses AED	Total AED
Issue of share capital	100,000	--	100,000
Total comprehensive income for the period	<u>--</u>	<u>(22,994,981)</u>	<u>(22,994,981)</u>
Balance at 31 March 2024	<u><b>100,000</b></u>	<u><b>(22,994,981)</b></u>	<u><b>(22,894,981)</b></u>

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.



# THE ADANI HARBOUR INTERNATIONAL DMCC

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2024

	22.12.2022 to 31.03.2024 (Note 27) AED
<b>Cash flows from operating activities</b>	
Loss for the period	(22,994,981)
Adjustments for:	
Finance costs	3,641,709
Interest income	(23,427)
Depreciation of property, plant and equipment	1,846,674
Provision for staff end-of-service benefits	157,409
	<u>(17,372,616)</u>
Changes in:	
– Trade and other receivables	(1,142,009)
– Other current assets	(656,610)
– Accruals and other payables	337,964
– Other current liabilities	141,809
Cash used in operations	<u>(18,691,462)</u>
Interest paid	(49,379)
Net cash used in operating activities	<u>(18,740,841)</u>
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(148,454,390)
Payment for capital advances	(11,303,600)
Investments in joint venture	(5,900)
Interest received	23,427
Net cash used in investing activities	<u>(159,740,463)</u>
<b>Cash flows from financing activities</b>	
Issue of share capital	100,000
Payment of lease liabilities	(127,000)
Receipt of loan from the shareholder and related party (net)	185,461,250
Net cash from financing activities	<u>185,434,250</u>
<b>Net increase in cash and cash equivalents</b>	<b>6,952,946</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>--</b>
<b>Cash and cash equivalents at end of period (note 11)</b>	<b><u>6,952,946</u></b>



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.

# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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### 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 22 December 2022.
- 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 the period from 22 December 2022 (being the date of incorporation) to 31 March 2024.
- 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 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 2023, and the requirements of Dubai Multi Commodities Centre Authority Regulations, 2020.

#### 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.





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

The Company incurred a loss of AED 22,994,981 for the period ended 31 March 2024 and at that date, the Company's losses aggregated to AED 22,994,981 and it had a net deficit of AED 22,894,981 in equity funds. Further, as required by Dubai Multi Commodities Centre Authority Regulations 2020, since the losses of the Company exceeded 85% of the share capital, the shareholder has acknowledged the losses and resolved to continue with the operations of the Company and shall rectify the situation. The management has reviewed forecasted revenue, cash flows and cost structures and has concluded that liquid funds will be available to settle the liabilities when they become due and further, the shareholder has agreed to 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) **Adoption of new International Financial Reporting Standards**

These are the first financial statements of the Company since its incorporation and hence there are no International Financial Reporting Standards, amendments thereto and interpretations that become effective for the current reporting period and are applicable to the Company.

### **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 – Non-current Liabilities with Covenants (1 January 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangement (1 January 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (1 January 2024)
- Amendments to IAS 21 – Lack of Exchangeability (1 January 2025)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely - Early adoption is permitted)
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures (Effective upon adoption by applicable regulatory)





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

e) **Functional and presentation currency**

The Company's functional currency is US Dollars based on the fact that a significant portion of its revenue and costs are denominated and settled in that currency. However, the financial statements are presented in UAE Dirhams ("AED") being the currency of the country of domicile. Amounts in US Dollars are translated to UAE Dirhams using the exchange rate of 1 US\$ = AED 3.6725.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, are as follows:

a) **Property, plant and equipment**

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

Vessel	16 years
Right-of-use assets	3 years
Furniture, fixtures and office equipment	3 years

The Company has presented right-of-use assets representing the right to use the underlying assets under property, plant and equipment [Refer notes 3 (h) and 6].

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other income/expenses' in profit or loss.



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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b) **Capital advances**

Capital advances are advances paid for acquisition or construction of capital assets. These advances will be capitalised on the date the assets will be handed over to the Company and will be depreciated from the date the relevant assets are ready to use.

c) **Impairment of tangible assets**

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

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

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.

d) **Investments in joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

**Joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Such investments are treated as joint ventures and accounted under the equity method of accounting stating the investment initially at cost and adjusted for the Company's share of the changes in net assets of the investee company after the date of acquisition, and for any impairment in value.

e) **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.





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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f) **Revenue**

The Company is in the business of chartering of ship, barges and tugs charter, sea freight and passengers charter and investing in commercial enterprises and management.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

***Time charter***

Revenue under time charter is recognised based on the terms of the time charter agreement and is recognized over time.

***Mobilisation income***

Revenue for mobilisation is recognised based on the terms of the agreement and is recognized at a point in time.

g) **Interest income**

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset

h) **Leases**

***As a lessee***

The Company leases office premises. Rental contracts are typically made for the period of 3 years 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.

***Right-of-use assets***

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial costs; and
- restoration costs.



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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### *Lease liabilities*

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Company; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### *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.

### *As a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

i) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank current accounts.

j) **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.





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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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.

k) **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use (“qualifying asset”). Such borrowing costs are capitalised as part of the related qualifying asset up to the date the qualifying asset is ready for use.

l) **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.

m) **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.

n) **Value added tax**

As per the Federal Decree-Law No. (08) of 2017, Value Added Tax (VAT), is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person.



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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The Company charges and recovers Value Added Tax (VAT) on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Irrecoverable VAT for which Company cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Company files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT Payable are offset and the net amount is reported in the statement of financial position as the Company has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

**o) Income and deferred tax**

Tax expense for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on temporary differences between the accounting base and the tax base for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax is recognised using the balance sheet approach. Deferred tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements, except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred tax asset is recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Current tax and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amount and there is an intention to settle the asset and liability on a net basis.

**p) 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.





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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- 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.

### q) **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.

#### **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 assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

### ***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. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. 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.

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





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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### *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 other payables, lease liabilities 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 120 days past due.



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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

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

#### r) **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.





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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### 4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

#### **Classification of financial assets**

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

#### **Impairment**

At each reporting date, management conducts an assessment of property, plant and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

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

#### **Leases**

##### *Determining the lease term*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

The right-of-use assets and lease liabilities recognised are mainly determined based on the Company's expected lease renewal terms derived primarily from the Company's long-term business plans.

##### *Discounting of lease payments*

The lease payments are discounted using the Company's incremental borrowing rate ("IBR") of 7.52% due to the absence of implicit rates in the lease contracts.

Management has applied judgments and estimates to determine the IBR using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values.



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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IBR is further adjusted for Company's specific risk, term risk and underlying asset risk. Majority of the leases are present in the UAE and accordingly no adjustment for the economic environment was deemed required.

### **Investments in joint arrangements**

Management considers that it has joint control over Harbour Services Lanka (PVT) Ltd wherein it holds 50% of the voting rights. Based on the contractual arrangements, unanimous consent is required from all the parties to the arrangement for all relevant activities.

Harbour Services Lanka (PVT) Ltd has been structured as a private company with limited liability and provides the parties to the arrangement with rights to the net assets of the limited liability company under the arrangement. Consequently, the investment is classified as a joint venture.

### **Recognition of revenue and allocation of transaction price**

#### *Identification of performance obligations*

Revenue from time chartering is recognised over time as performance obligations are fulfilled in accordance with IFRS 15 – Revenue from Contracts with Customers. The timing of revenue recognition is subject to judgement surrounding the costs expected to be incurred in completing the work, as revenue on contracts is recognised on a percentage completion basis.

Revenue from mobilisation service is provided as a single component to customers and accordingly it becomes a single performance obligation in respect of the service being provided.

#### *Determine timing of satisfaction of performance obligation*

The Company concluded that revenue from time chartering is to be recognised over time as the customer simultaneously receives the benefit as the Company performs. The fact that another entity would not need to re-perform the service that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

The Company has determined that the input method is the best method in measuring progress of the time chartering service because there is a direct relationship between the Company's effort and the transfer of service to the customer.

The Company concluded that the revenue from mobilisation service is to be recognised at a point in time when the service has been provided to the customers.





### 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

#### **Carrying values of property, plant and equipment**

Residual values are assumed to be zero, except for the vessel for which residual value is considered 5% of the cost, unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets estimated useful lives.

#### **Impairment**

Assessments of net recoverable amounts of property, plant and equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

#### **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 (q).

#### **Deferred tax**

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

#### **Staff end-of-service benefits**

The Company computes the provision for the liability to staff end-of-service benefits stated at AED 157,409 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.



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

### Going concern assessment

As at the reporting date, the Company incurred a loss of AED 22,994,981 for the period ended 31 March 2024 and at that date, the Company's losses aggregated to AED 22,994,981 and it had a net deficit of AED 22,894,981 in equity funds.

Notwithstanding these facts, the financial statements of the Company have been prepared on a going concern basis as the management of the Company believes that the future operations of the Company will generate sufficient profits and cashflows.

As required by Dubai Multi Commodities Centre Authority Regulations 2020, since the losses of the Company exceeded 85% of the share capital, the shareholder has acknowledged the losses and resolved to continue with the operations of the Company and shall rectify the situation.

### 6. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets <sup>(a)</sup>	Furniture, fixtures and office equipment	Vessel	Total
	AED	AED	AED	AED
<b>Cost</b>				
Additions	354,929	186,390	148,268,000	148,809,319
At 31 March 2024	<b>354,929</b>	<b>186,390</b>	<b>148,268,000</b>	<b>148,809,319</b>
<b>Accumulated depreciation</b>				
Depreciation	19,718	22,978	1,803,978	1,846,674
At 31 March 2024	<b>19,718</b>	<b>22,978</b>	<b>1,803,978</b>	<b>1,846,674</b>
<b>Carrying amount</b>				
At 31 March 2024	<b>335,211</b>	<b>163,412</b>	<b>146,464,022</b>	<b>146,962,645</b>

- a) This represents the right to use office premises on lease in Jumeirah Business Center 5, Plot No. 886-0. The lease period is 3 years, with the renewal option ending on 31 January 2027.



31.03.2024  
(Note 27)  
AED

### 7. INVESTMENT IN JOINT VENTURE

Share capital at cost

**5,900**

The joint venture company has not commenced its operations and no expenses are incurred in the current year. Accordingly, there is no share of profit/loss recorded in current year for this investment.



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

The nature of investment in joint venture is as follows:

Name of joint venture	Principal activities	Country of incorporation	Registered proportion (%) of ownership interest
Harbour Services Lanka (PVT) Ltd	Shipping Operations	Sri Lanka	50%
			31.03.2024 (Note 27) AED

### 8. CAPITAL ADVANCES

Amount paid during the period  
Closing balance

11,303,600  
11,303,600

Capital advance is paid for construction for vessels. Details are as below:

Vessel Narmada	5,651,800
Vessel Sabarmati	5,651,800
	11,303,600

The related capital commitments are disclosed in Note 25.

### 9. TRADE AND OTHER RECEIVABLES

Trade receivables<sup>(a)</sup>  
Deposits  
Staff advances  
Other receivables

841,686  
5,600  
294,440  
283  
1,142,009

a) The trade receivables are not past due.

The Company does not hold collateral against trade receivables.

### 10. OTHER CURRENT ASSETS

Prepayments  
Advance for goods and services  
VAT receivables (net)

125,759  
512,201  
18,650  
656,610

### 11. CASH AND CASH EQUIVALENTS

Cash on hand  
Bank balances in current accounts

64,708  
6,888,238  
6,952,946





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

31.03.2024  
(Note 27)  
AED

### 12. SHARE CAPITAL

#### Issued and paid up:

100 shares of AED 1,000 each held by The Adani Harbour Services Limited, India

100,000

### 13. 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 of the parent company and fellow subsidiary.

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

31.03.2024  
(Note 27)  
AED

Loan from shareholder

185,461,250

Included in accruals

3,589,597

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

Significant transactions with related parties during the period ended 31 March 2024 were as follows:

#### Shareholder

Finance costs on shareholder's loan

3,589,597

#### Fellow Subsidiary

Finance costs on related party' loan <sup>(a)</sup>

49,379

- a) During the period, the Company obtained a loan from Adani International Ports Holdings Pte Ltd (fellow subsidiary) amounting to AED 3,670,000. The same along with interest was repaid on 24 November 2023.

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



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	31.03.2024 (Note 27) AED
<b>14. LOAN FROM SHAREHOLDER</b>	
Loan availed during the period	<u>185,461,250</u>
Closing balance	<u>185,461,250</u>
<p>The above loan is at variable rate of interest mutually agreed by both the parties, 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.</p>	
<b>15. PROVISION FOR STAFF END-OF-SERVICE BENEFITS</b>	
Provision for the period	<u>157,409</u>
Closing balance	<u>157,409</u>
<b>16. LEASE LIABILITIES</b>	
Lease liabilities for office premises	<u>230,662</u>
<p>Disclosed in the statement of financial position as follows:</p>	
Non-current liabilities	<u>119,511</u>
Current liabilities	<u>111,151</u>
	<u>230,662</u>
<p>A reconciliation of the movements in the lease liabilities is as follows:</p>	
Additions during the year	<u>354,929</u>
Finance cost on lease liabilities	<u>2,733</u>
Payments made during the year	<u>(127,000)</u>
Closing balance	<u>230,662</u>
<p>A maturity analysis of undiscounted lease liabilities is as follows:</p>	
1 – 3 months	--
3 months - 1 year	<u>127,000</u>
1 year - 3 years	<u>127,000</u>
<b>Total</b>	<u>254,000</u>
<p>Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:</p>	
Lease payments due	<u>254,000</u>
Less: Finance cost on leases	<u>(23,338)</u>
Disclosed in the statement of financial position	<u>230,662</u>



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	<b>31.03.2024</b>
	<b>(Note 27)</b>
	<b>AED</b>
<b>17. ACCRUALS AND OTHER PAYABLES</b>	
Accrued interest on shareholder's loan	<b>3,589,597</b>
Accruals for other expenses	<b>248,845</b>
Other payables	<b>89,119</b>
	<b><u>3,927,561</u></b>

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

<b>18. OTHER CURRENT LIABILITIES</b>	
Employees related payables	<b><u>141,809</u></b>

### 19. 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 owed by the Company, net of cash and cash equivalents.

Further, as required by Dubai Multi Commodities Centre Authority Regulations 2020, since the losses of the Company exceeded 85% of the share capital, the shareholder has acknowledged the losses and resolved to continue with the operations of the Company and shall rectify the situation.

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.

	<b>22.12.2022</b>
	<b>to</b>
	<b>31.03.2024</b>
	<b>(Note 27)</b>
	<b>AED</b>
<b>20. REVENUE</b>	
Mobilisation service	<b>1,835,000</b>
Time chartering	<b>347,742</b>
	<b><u>2,182,742</u></b>





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	22.12.2022 to 31.03.2024 (Note 27) AED
<b>21. STAFF COSTS</b>	
Staff salaries and benefits	10,189,771
Staff end-of-service benefits	157,409
	<u>10,347,180</u>
<b>22. OTHER EXPENSES</b>	
Bunker expenses	1,926,130
Crew expenses	1,172,993
Port-agent expense	1,992,866
Other expenses relating to vessel operation	443,172
Professional and consultancy fees	1,696,397
Travel expenses	1,086,830
Operations and maintenance expenses	301,211
Operating lease expenses	87,500
Other expenses	1,152,432
	<u>9,859,531</u>
<b>23. FINANCE COSTS</b>	
On lease liabilities	2,733
On shareholder's loan	3,589,597
On amounts due to related parties	49,379
	<u>3,641,709</u>
<b>24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT</b>	
<b>Financial instruments</b>	
<i>Classification and fair values</i>	
The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:	
	At amortised cost 31.03.2024 (Note 27) AED
<b>Financial assets</b>	
Trade and other receivables	1,142,009
Cash and cash equivalents	6,952,946
	<u>8,094,955</u>



# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

	At amortised cost 31.03.2024 (Note 27) AED
<b>Financial liabilities</b>	
Accruals and other payables	3,927,561
Loan from shareholder	185,461,250
Lease liabilities (current and non-current)	230,662
	<u>189,619,473</u>

### ***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, trade and other receivables, accruals and other payables and current lease 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 liabilities:

Fair value of loan from shareholder and non-current lease liabilities 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:





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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### ***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 trade and other receivables.

The Company's bank accounts are placed with high credit quality financial institutions and hence have low credit risk.

The management assesses the credit risk arising from trade and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, trade receivables amounting to AED 841,686 (100%) is due from one customer located in Mexico and is engaged in business of engineering, construction and ship operation related services.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a number of balances. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Based on the assessment, the management believes that no impairment provision is required under IFRS 9.

### ***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. The Company limits its liquidity risk by ensuring adequate facilities from shareholder is available.





# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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
	AED	AED	AED
Loan from shareholder	--	185,461,250	185,461,250
Accruals and other payables	3,927,561	--	3,927,561
Lease liabilities	127,000	127,000	254,000
	<u>4,054,561</u>	<u>185,588,250</u>	<u>189,642,811</u>

### **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.

Loan from shareholder and borrowings are subject to floating interest rates at levels generally obtained in the UAE or are linked to LIBOR and are therefore exposed to cash flow interest rate risk.

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been AED 1,854,612 higher or lower resulting in equity being lower or higher by AED 1,854,612.

25. **CAPITAL COMMITMENTS**  
For acquisition of property, plant and equipment  
(note 8)



22.12.2022  
to  
31.03.2024  
(Note 27)  
AED

45,214,400

# THE ADANI HARBOUR INTERNATIONAL DMCC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

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### 26. CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the 'CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law is effective for the financial years beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the accounting period beginning on 1 April 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial period ended 31 March 2024.

Based on the information available to date, the Company has assessed the deferred tax implications for the period ended 31 March 2024 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that deferred tax implications are not expected to be material.

The Company shall continue to monitor critical Cabinet Decisions to determine the impact on the Company, from deferred tax perspective.

### 27. 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 [note 1 (c)] and hence, no comparative information is presented.

For THE ADANI HARBOUR INTERNATIONAL DMCC



Vishwas Shah  
Director

