

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Adani Kandla Bulk Terminal Private Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Adani Kandla Bulk Terminal Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

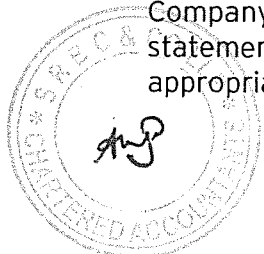
**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



Adani Kandla Bulk Terminal Private Limited  
Auditor's Report on Financial Statement for the year ended March 31, 2016  
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**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ( "the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (i) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (iii) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (iv) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (v) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
  - (vi) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



# **S R B C & CO LLP**

Chartered Accountants

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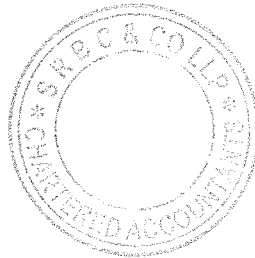
(vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company does not have any pending litigations which would impact its financial position;
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

*Arpit Patel*

per Arpit K Patel  
Partner  
Membership Number: 34032



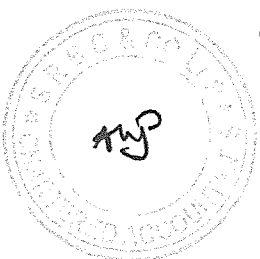
Place of Signature: Ahmedabad  
Date: April 26, 2016

Adani Kandla Bulk Terminal Private Limited  
Auditor's Report on Financial Statement for the year ended March 31, 2016  
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**Annexure 1 referred to in paragraph on Report on Other Legal and Regulatory Requirements of our report of even date**

**Re: Adani Kandla Bulk Terminal Private Limited**

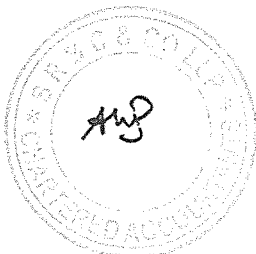
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it. The provision of employees' state insurance is not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues were



Adani Kandla Bulk Terminal Private Limited  
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outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company has not taken any loan from financial institution and has not issued debentures.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause 3 (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provision of Section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.



# **S R B C & CO LLP**

Chartered Accountants

Adani Kandla Bulk Terminal Private Limited  
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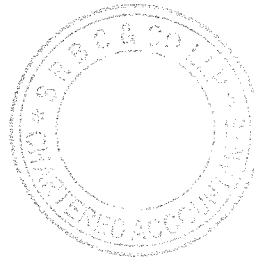
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E



per Arpit K Patel  
Partner  
Membership Number: 34032

Place of Signature: Ahmedabad  
Date: April 26, 2016



Adani Kandla Bulk Terminal Private Limited  
Auditor's Report on Financial Statement for the year ended March 31, 2016  
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**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
FINANCIAL STATEMENTS OF ADANI KANDLA BULK TERMINAL PRIVATE LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143  
of the Companies Act, 2013 ("the Act")**

To the Members of Adani Kandla Bulk Terminal Private Limited

We have audited the internal financial controls over financial reporting of Adani Kandla Bulk Terminal Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Adani Kandla Bulk Terminal Private Limited  
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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

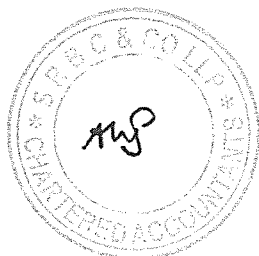
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





# **S R B C & C O L L P**

Chartered Accountants

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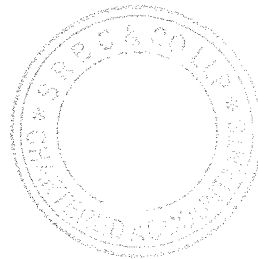
## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & C O L L P**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E



per Arpit K Patel  
Partner  
Membership Number: 34032  
Place of Signature: Ahmedabad  
Date: April 26, 2016



ADANI KANDLA BULK TERMINAL PRIVATE LIMITED  
BALANCE SHEET AS AT MARCH 31, 2016

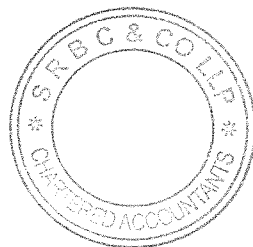
PARTICULARS	Notes	As at March 31, 2016 (₹ in Lac)	As at March 31, 2015 (₹ in Lac)
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	3	12,005.00	2,005.00
Reserves and Surplus	4	(16,027.20)	(584.70)
		<u>(4,022.20)</u>	<u>1,420.30</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term Borrowings	5	1,06,313.88	92,336.00
Deferred Tax Liabilities	6	750.43	-
Long-term Provisions	8	-	0.04
		<u>1,07,064.31</u>	<u>92,336.04</u>
<b>CURRENT LIABILITIES</b>			
Trade Payables			
Total Outstanding Dues of Micro and Small Enterprises	28	0.50	-
Total Outstanding Dues of Creditors other than Micro and Small Enterprises (Refer Note 26)		1,644.30	359.98
Other Current Liabilities	7	6,943.16	14,357.88
Short-term Provisions	8	78.34	0.07
		<u>8,666.30</u>	<u>14,717.93</u>
<b>TOTAL</b>		<u><u>1,11,708.41</u></u>	<u><u>1,08,474.27</u></u>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed Assets	9		
Tangible Assets		98,227.31	82,842.48
Intangible Assets		32.21	21.07
Capital Work-In-Progress	10	791.02	19,002.63
		<u>99,050.54</u>	<u>1,01,866.18</u>
Loans and Advances	11	4,974.41	1,593.91
		<u>1,04,024.95</u>	<u>1,03,460.09</u>
<b>CURRENT ASSETS</b>			
Inventories	12	1,160.47	464.25
Trade Receivables	13	3,505.93	153.37
Cash and Bank Balances	14	27.94	9.73
Loans and Advances	11	2,902.00	4,119.57
Other Current Assets	15	87.12	267.26
		<u>7,683.46</u>	<u>5,014.18</u>
<b>TOTAL</b>		<u><u>1,11,708.41</u></u>	<u><u>1,08,474.27</u></u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP  
Firm Registration No.: 324982E  
Chartered Accountants

  
per Arpit K. Patel  
Partner  
Membership No. 34032

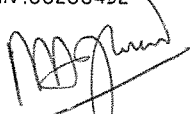


Place : Ahmedabad  
Date : April 26, 2016

For and on behalf of the Board of Directors of  
Adani Kandla Bulk Terminal Private Limited



Ennarasu Karunesan  
Managing Director  
DIN :00200452

  
Manish Kumar Agarwal  
CFO & Company Secretary

Place : Ahmedabad  
Date : April 26, 2016



Naran Adani  
Director  
DIN :03088095



ADANI KANDLA BULK TERMINAL PRIVATE LIMITED  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

PARTICULARS	Notes	For the Year ended March 31, 2016 (₹ in Lac)	For the Year ended March 31, 2015 (₹ in Lac)
<b>INCOME</b>			
Revenue from Operations	16	7,699.63	232.52
Other Income	17	56.34	-
<b>Total Revenue</b>		<b>7,755.97</b>	<b>232.52</b>
<b>EXPENSES</b>			
Terminal Royalty		2,343.57	61.64
Operating Expenses	18	4,786.74	117.02
Employee Benefits Expense	19	582.02	0.60
Finance Costs	20	8,563.40	333.15
Depreciation and Amortization Expense		5,201.27	180.65
Other Expenses	21	971.04	119.88
<b>Total expenses</b>		<b>22,448.04</b>	<b>812.94</b>
<b>(Loss) before tax</b>		<b>(14,692.07)</b>	<b>(580.42)</b>
<b>Tax Expenses:</b>			
- Deferred Tax Charge		750.43	-
<b>(Loss) for the year</b>		<b>(15,442.50)</b>	<b>(580.42)</b>
<b>Earning per Equity Share (in ₹) face value of Rs 10 each</b>			
- Basic & Diluted	22	(23.10)	(11.04)
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For S R B C & CO LLP  
Firm Registration No.: 324982E  
Chartered Accountants

For and on behalf of the Board of Directors of  
Adani Kandla Bulk Terminal Private Limited

  
per Arpit K. Patel  
Partner  
Membership No. 34032

  
Elnarasu Karunesan  
Managing Director  
DIN :00200432

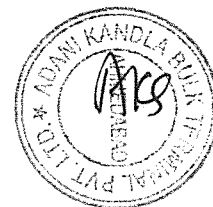
  
Karan Adani  
Director  
DIN :03088095



  
Manish Kumar Agarwal  
CFO & Company Secretary

Place : Ahmedabad  
Date : April 26, 2016

Place : Ahmedabad  
Date : April 26, 2016



ADANI KANDLA BULK TERMINAL PRIVATE LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2016

PARTICULARS	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>A Cash Flow From Operating Activities</b>		
(Loss) before tax	(14,692.07)	(580.42)
Adjustments for:		
Depreciation and Amortisation	5,201.27	180.65
Interest Expense	8,543.75	333.15
Interest Income	(39.90)	-
Income from Mutual Fund	(0.69)	-
(Profit) on Sale of Fixed Assets	(0.19)	-
Unrealised Exchange Rate Difference	0.17	-
<b>Operating Loss before Working Capital Changes</b>	<b>(987.66)</b>	<b>(66.62)</b>
Adjustments for:		
(Increase) in Loans and Advances	(2,265.22)	(2,278.66)
(Increase) in Inventories	(696.21)	(66.25)
(Increase) in Trade Receivables	(3,352.56)	(153.37)
Decrease/(Increase) in Other Assets	180.15	(267.25)
Increase in Trade Payables	1,284.82	359.98
Increase in Other Liabilities	248.63	254.44
Increase in Provisions	78.23	0.11
<b>Net Cash used in Operating Activities</b>	<b>(5,509.82)</b>	<b>(2,217.62)</b>
Direct Taxes (paid)	(109.19)	(15.00)
<b>Net Cash flow (used in) Operating Activities</b>	<b>(5,619.01)</b>	<b>(2,232.62)</b>
<b>B Cash flow used in investing activities</b>		
Purchase of Fixed Assets & Capital Work in Progress (Including capital advance and capital creditors)	(4,124.04)	(29,663.17)
Interest Income	39.90	-
Income from Mutual Fund (refer note 2 below)	0.69	-
Dividend Income	-	1.56
<b>Net Cash Flow (used in) Investing Activities</b>	<b>(4,083.45)</b>	<b>(29,661.61)</b>
<b>C Cash Flow From Financing Activities</b>		
Proceeds from Issuance of Equity Shares	10,000.00	2,000.00
Proceeds from Short Term Borrowings	116.84	1,084.02
Proceeds from Inter-Corporate Deposit ( including Short-Term)	28,070.90	32,384.88
Repayment of Inter-Corporate Deposit ( including Short-Term)	(14,528.90)	(2,643.00)
Interest paid	(13,938.17)	(968.42)
<b>Net Cash Flow from Financing Activities</b>	<b>9,720.67</b>	<b>31,857.48</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>18.21</b>	<b>(36.75)</b>
<b>Cash and Cash Equivalent at beginning of the year</b>	<b>9.73</b>	<b>46.48</b>
<b>Cash and Cash Equivalents at close of the year (refer note 14)</b>	<b>27.94</b>	<b>9.73</b>
<b>Component of Cash and Cash Equivalents:</b>		
Balance with Schedule Banks		
On current Accounts	27.94	9.73
<b>Cash and Cash Equivalent at end of the period</b>	<b>27.94</b>	<b>9.73</b>

Summary of significant accounting policies.

2.1

The accompanying notes are an integral part of the financial statements

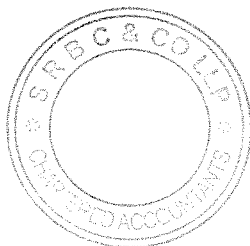
- The Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard-3 on Cash Flow Statement notified under Section 133 of the Companies Act 2013 read together with Paragraph 7 of the Companies (Accounts) Rules, 2014.
- Purchase of investment in mutual fund of ₹ 409.00 lacs (PY ₹ 2,000.00 lacs) and sale of investment in mutual fund of ₹ 409.69 lacs (PY ₹ 2,000.00 lacs)

As per our report of even date

For S R B C & CO LLP  
Firm Registration No.: 324982E  
Chartered Accountants

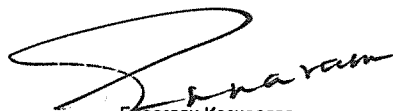


per Arpit K. Patel  
Partner  
Membership No. 34032



Place : Ahmedabad  
Date : April 26, 2016

For and on behalf of the Board of Directors of  
Adani Kandla Bulk Terminal Private Limited

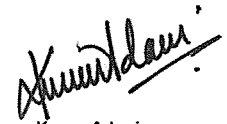


Manirasa Karunesan  
Managing Director  
DIN :00200432

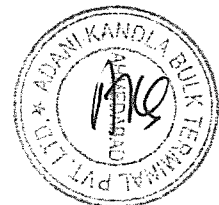


Manish Kumar Agarwal  
CFO & Company Secretary

Place : Ahmedabad  
Date : April 26, 2016



Karan Adani  
Director  
DIN :03088095



**ADANI KANDLA BULK TERMINAL PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2016**

**1 Corporate information**

Adani Kandla Bulk Terminal Private Limited "AKBTPL" ( the "Company") was incorporated on 7th March, 2012. AKBTPL is a special purpose company promoted by Adani Ports and Special Economic Zone Limited and Adani Enterprises Limited. The Company is formed for developing a Dry Bulk Terminal Off Tekra near Tuna outside Kandla Creek at Kandla Port ("project") on Build, Operate and Transfer ("BOT") basis for a period of 30 years.

AKBTPL has been awarded Letter of Award dated February 23, 2012 for the Project from the Kandla Port Trust. The company has entered Concession Agreement on 27th June, 2012 with Kandla Port Trust. Subsequently, company has received award of concession by Kandla Port Trust on 19th December, 2012. The company has commenced commercial operation from March 17, 2015.

**2 Basis of Preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below.

**2.1 Summary of Significant Accounting Policies**

**a) Change in Accounting Policy**

**i) Component Accounting**

The company has adopted component accounting as required under Schedule II to the Companies Act, 2013 and AS 10, from 1 April 2015. The company was previously not identifying components of tangible assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of tangible assets.

Due to application of Schedule II to the Companies Act, 2013 and AS 10, the company has changed the manner of depreciation for its tangible assets. Now, the company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., 1 April 2015, its carrying amount, after retaining any residual value, is charged to the statement of profit and loss. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1 April 2015, is depreciated over their remaining useful lives.

Had the company continued to use the earlier policy of depreciating tangible assets, its financial statements for the period would have been impacted as below:

Depreciation for the current period would have been lower by ₹ 26 lacs. Loss for the current period would have been lower by ₹ 26 lacs. Tangible assets would correspondingly have been lower by ₹ 26 lacs.

On the date of component accounting becoming applicable, i.e., 1 April 2015, there was no component having zero remaining useful life. Hence, no amount has been directly adjusted against retained earnings.

**ii) Classification of items of stores and spares**

The stand-by and servicing equipment should normally be capitalized as plant & machinery. It is required that machinery spares are usually treated as inventory and charged to profit or loss on consumption. However, spares parts that can be only used in connection with a particular item of plant & machinery, and whose use is expected to be irregular, are capitalized. Such spare parts are depreciated over a period, not exceeding the remaining useful life of the principal asset.

The company has changed its accounting policy of plant & machinery during the year. During the year, company has capitalised certain stores and spares as plant & machinery at its carrying amount and depreciated prospectively over its remaining useful life.

Had the company continued to use the earlier policy of classifying stores and spares as inventories, its financial statements for the period would have been impacted as below:

Inventories would have been higher by ₹ 169.55 lacs , tangible assets would have been lower by ₹ 169.55 lacs, depreciation would have been lower by ₹ 17.53 lacs, and loss before tax for the current period would have been lower by ₹ 17.53 lacs.

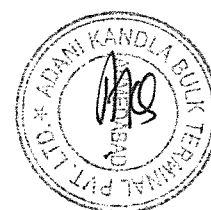
**b) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in futures periods.

**c) Tangible fixed assets**

i) Tangible Fixed assets including capital work in progress are stated at cost net of accumulated depreciation and impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalisation criteria are met directly attributable cost of bringing the asset to its working condition for its intended use. When significant parts of tangible fixed assets are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Borrowing cost relating to acquisition / construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

ii) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.



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iii) The company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining useful life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long term foreign currency monetary items pertaining to acquisition of a depreciable asset, for a period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference. The depreciation on such foreign exchange difference is recognised from first day of the financial year.

iv) Gains or losses arising from derecognition/ sale proceeds of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

v) Items of stores and spares that meet the definition of tangible asset are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

vi) The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

**d) Expenditure during project development / construction period, new project and substantial expansion**

Expenditure directly relating to construction / development activity (net of income, if any) is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is directly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto, is charged to the statement of profit and loss.

**e) Depreciation on tangible assets**

(i) Depreciation on tangible assets is calculated on a straight-line basis using the rates arrived at, based on the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013 except for the assets mentioned in table below for which useful lives estimated by the management as independently evaluated by experts.

Category	Assets	Estimated Useful Life
Lease Hold Land Development	Leasehold Land Development & Assets Constructed on Lease Land	Over the balance period of Concession Agreement.
Marine Structures	Marine Structure	Over the balance period of Concession Agreement.
Building	Building RCC Frame Structure	Over the balance period of Concession Agreement.
Marine Structures	Pneumatic Fender	10 Years
Building	Carpeted Roads – Other than RCC	10 Years

(ii) Depreciation on mobile phones included under office equipment's are provided at the rate of 100% in the year of purchase.

(iii) Depreciation on Porta Cabin (Temporary Structure) included under the head Building are provided at the rate of 100% in the year of purchase.

(iv) The residual values, useful lives and methods of depreciation of tangible fixed assets are reviewed at each financial year end and adjusted prospectively, if applicable.

**f) Intangible fixed assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortised on straight line basis over their estimated useful lives as follows:

Category	Estimated Useful Life (Years)
Software	5 Years or useful life whichever is less

The amortization period and the amortization method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**g) Impairment of tangible assets and Intangible assets**

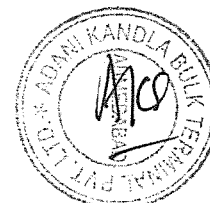
The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount, and asset's recoverable amount is the higher of the asset's, net selling price and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other asset or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is consider impaired and is written down to its recoverable amount. 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 assessment of the time value of money and risks specific to the asset. In determining net selling price, relevant market transactions are taken in to account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**h) Borrowing Costs**

Borrowing cost includes interest and amortisation of ancillary cost incurred in connection with the arrangement of borrowings over the period of loan.

Borrowing costs directly attributable to the acquisition, construction or production of an assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the respective assets. All other borrowing costs are expensed in the period they occur.



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**Notes to the Financial Statements for the year ended March 31, 2016**

**i) Leases**

**Where the Company is the lessee**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of expenditure during construction period on a straight-line basis over the lease term.

**Where the Company is the lessor**

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

**j) Inventories**

Stores and Spares are valued at lower of cost and net realisable value. Cost is determined on a moving weighted average basis. Stores and spares which do not meet the definition of plant & machinery are accounted as inventories. Net realisable value is the estimated current procurement price in the ordinary course of the business.

**k) Investments**

Investments, which are readily realizable and intended to be held for not more than a year from the date on which such investment are made, are classified as current investment. All other classified as long term investment.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long - term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

On disposal of an investment, the difference between carrying amount and net disposal proceeds is debited or credited to the statement of profit and loss.

**l) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**i) Income from services:**

Revenue from port operations services, coal handling and storage are recognized on proportionate completion method basis based on the service performed. The amount recognised as revenue is exclusive of service tax and cess where applicable.

**ii) Dividends:**

Dividend income is recognised when the company's right to receive payment is established by the reporting date.

**iii) Interest:**

Interest is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

**m) Foreign Currency Translation**

*Foreign currency transactions and balances*

**i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**iii) Exchange Differences**

The company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- b) All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (a) above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

**n) Retirement and Other employee benefits**

**i) Provident fund**

Retirement benefits in the form of Provident fund are defined contribution schemes and the contributions are charged to the statement of profit and loss account for the year when the contributions to the respective funds are due as employee renders the services. There are no other obligations other than the contribution payable to the respective funds.

**ii) Gratuity**

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method at each year end. The company has taken an insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India ("LIC") to cover the gratuity liability of the employees and amount paid/payable in respect of the present value of liability for the past services is charged to the statement of profit and loss account every year. The difference, if any, between the actuarial valuation of the gratuity of the employees at the year end and the balance of the funds with LIC is provided for as liability in the books. Actuarial Gains/losses are immediately taken to the statement of profit and loss and are not deferred.



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iii) **Compensated leave benefits**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents entire leave as current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Short term compensated absences are provided on estimated basis.

o) **Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

As per provision of the Income-tax Act, 1961 enacted in India, the company is eligible for a tax holiday under section 80IA for a block of 10 consecutive assessment years out of 15 year beginning of port operation. Current year is 2nd year of company's operation and propose to start claiming tax holidays in the subsequent years only.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In view of Company availing tax deduction under Section 80IA of the Income Tax Act, 1961, deferred tax has been recognized in respect of timing difference, which reverse after the tax holiday period in the year in which the timing difference originate and no deferred tax (assets or liabilities) is recognised in respect of timing difference which reverse during tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the timing difference which originate first are considered to reverse first.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it has no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

p) **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) **Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best management estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best management estimates.

r) **Segment Reporting Policies**

The Company is engaged in business of operating and maintaining port and related infrastructure. The business has single segment in terms of Accounting Standard-17 on Segment Reporting issued by the Institute of Chartered Accounts of India.

s) **Cash and Cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less and readily realisable.

t) **Contingent Liabilities**

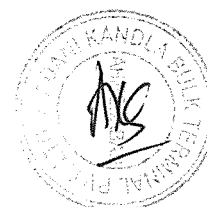
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

u) **Terminal royalty**

The terminal royalty is computed and paid at specified percentage of gross revenue to the concessioning authority based on terms and conditions of the concession agreement.

**3 Share capital**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>Authorized shares</b>		
12,05,00,000 (previous year: 2,05,00,000) equity shares of Rs.10/- each	12,050.00	2,050.00
	<b>12,050.00</b>	<b>2,050.00</b>
<b>Issued, subscribed and fully paid-up shares</b>		
12,00,50,000 (previous year: 2,00,50,000) equity shares of Rs. 10/- each	12,005.00	2,005.00
	<b>12,005.00</b>	<b>2,005.00</b>
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>12,005.00</b>	<b>2,005.00</b>





**ADANI KANDLA BULK TERMINAL PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2016**

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Equity shares	31 March 2016		31 March 2015	
	No.	(₹ in Lac)	No.	(₹ in Lac)
At the beginning of the year	2,00,50,000	2,005.00	50,000	5.00
Issued during the year	10,00,00,000	10,000.00	2,00,00,000	2,000.00
Outstanding at the end of the year	12,00,50,000	12,005.00	2,00,50,000	2,005.00

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates**

Out of equity shares issued by the company, shares held by its holding/ultimate holding company are as below:

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>Adani Ports and Special Economic Zone Limited, the holding company and its nominees</b>		
8,88,37,000(previous year 1,48,37,000) equity shares of 10 each fully paid	8,883.70	1,483.70
<b>Adani Enterprises Limited</b>		
3,12,13,000(previous year 52,13,000) equity shares of 10 each fully paid	-*	521.30
	<b>8,883.70</b>	<b>2,005.00</b>

\* Adani Enterprises Limited ceased to be parent company of Adani Ports and Special Economic Zone Limited w.e.f. April 1, 2015 pursuant to scheme of arrangement approved by Honourable High Court of Gujarat.

**d. Details of shareholders holding more than 5% shares in the company**

Equity shares	31 March 2016		31 March 2015	
	No.	% Holding	No.	% Holding
<b>Equity shares of Rs.10 each fully paid</b>				
Adani Ports and Special Economic Zone Limited, holding company and its nominees	8,88,37,000	74%	1,48,37,000	74.00%
Adani Enterprises Limited	3,12,13,000	26%	52,13,000	26.00%
	<b>12,00,50,000</b>	<b>100.00%</b>	<b>2,00,50,000</b>	<b>100.00%</b>

**4 Reserves and surplus**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>Deficit in the Statement of Profit and Loss</b>		
Balance as per the last financial statements	(584.70)	(4.28)
Loss for the year	(15,442.50)	(580.42)
<b>Net deficit in the Statement of Profit and Loss</b>	<b>(16,027.20)</b>	<b>(584.70)</b>

**5 Long term borrowings**

	Non-Current Portion		Current Maturities	
	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Inter corporate deposit from related party (unsecured) (Refer note (a) below and Note 26)	1,06,313.88	92,336.00	-	435.88
Bills under foreign currency - Letter of Credit from banks (unsecured) (Refer note (b) below)	-	-	1,073.62	956.79
	<b>1,06,313.88</b>	<b>92,336.00</b>	<b>1,073.62</b>	<b>1,392.67</b>
Disclosed under other current liabilities (note 7)	-	-	(1,073.62)	(1,392.67)
	<b>1,06,313.88</b>	<b>92,336.00</b>	<b>-</b>	<b>-</b>

a) Indian rupee loan from holding company carries interest @ 9.00% p.a. and is repayable on March 31, 2023.

b) Letter of Credit of ₹ 1073.62 lac ( previous year ₹ 956.78 lac) carries interest of 6M EURIBOR plus 38 basis points. The loan is repayable on maturity in the year 2016-17. This facility is availed out of the facilities sanctioned to Adani Ports and Special Economic Zone Limited, the Holding Company.

**6 Deferred Tax Liabilities**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>Deferred tax liability</b>		
Impact of differences in depreciation and other differences in block of fixed assets as per tax books and financial books	750.43	-
	<b>750.43</b>	<b>-</b>

The Company is eligible to avail benefits under section 80 IA of the Income Tax Act, 1961 on the taxable income w.e.f. FY 2019-20. The company has recognised the deferred tax liabilities of ₹ 750.43 lacs in respect of timing difference which will reverse after the tax holiday period.



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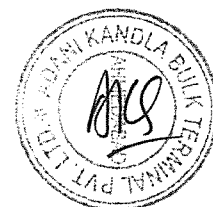
**7 Other Current Liabilities**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Current maturity of long term borrowings (refer note 5)	1,073.62	1,392.67
Interest accrued but not due on borrowings	3,834.12	8,717.87
Unearned revenue	376.65	16.61
Others:		
Payables for capital goods	1,458.45	3,919.00
Advance from customers and others	8.08	14.40
Security Deposit	7.28	-
Statutory liabilities	184.96	297.33
	<b>6,943.16</b>	<b>14,357.88</b>
Dues to related parties included in above (refer note 26)	4,232.66	8,842.08

**8 Long term & short term provisions**

	Non-Current		Current	
	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Provision for employee benefits				
Provision for gratuity (refer note 27)	-	0.04	41.40	-
Provision for compensated absences	-	-	36.94	0.07
	-	<b>0.04</b>	<b>78.34</b>	<b>0.07</b>

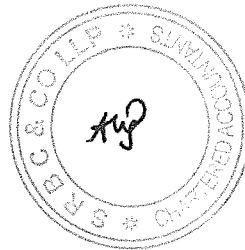
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**ADANI KANDLA BULK TERMINAL PRIVATE LIMITED**  
Notes to the Financial Statements for the year ended March 31,2016

**Note 9 : Fixed Assets**

Sr.		Gross Block (At Cost)				Depreciation / Amortisation			Net Block				
		01 April 2015	Additions	Spares capitalised Refer note 2.1 (a) (ii)	Deductions / Adjustments	Adjustment due to Borrowing cost	Adjustment due to Foreign Currency	31 March 2016	01 April 2015	For the year	Deductions / Adjustments	31 March 2016	31 March 2015
	<b>TANGIBLE ASSETS</b>												
1	Building & Civil Structures	14,982.02	1,023.25	-	-	90.30	-	-	16,095.57	841.19	-	1,036.38	14,786.83
2	Plant & Machinery	25,845.85	14,503.37	169.55	-	2,088.46	116.84	-	42,726.07	2,561.54	-	2,636.69	25,770.71
3	Furniture & Fixtures	64.98	42.31	-	-	-	-	-	107.29	8.61	-	10.98	62.61
4	Office Equipments	120.38	206.27	-	1.47	-	-	-	325.18	7.87	0.12	58.85	112.51
5	Computer Equipment	37.64	171.29	-	-	-	-	-	208.93	16.36	-	53.33	21.28
6	Leasehold Improvements	4,245.98	11.50	-	-	-	-	-	4,257.48	6.29	-	159.37	4,239.69
7	Vehicles	5.51	98.42	-	-	-	-	-	103.93	0.94	-	4.26	4.57
8	Marine Structures	37,903.27	-	-	27.69	-	-	-	37,875.58	1,442.64	-	1,501.63	37,844.28
9	Railway Tracks and Sidings	-	1,860.39	-	-	225.10	-	-	2,085.49	96.72	-	96.72	-
	<b>Total</b>	<b>83,205.63</b>	<b>17,918.80</b>	<b>169.55</b>	<b>29.16</b>	<b>2,403.86</b>	<b>116.84</b>	<b>-</b>	<b>1,03,785.52</b>	<b>5,195.17</b>	<b>0.12</b>	<b>5,558.21</b>	<b>82,842.48</b>
	<b>Intangible Assets</b>												
	Softwares	21.91	17.23	-	-	-	-	-	39.14	6.10	-	6.93	21.07
	<b>Total</b>	<b>21.91</b>	<b>17.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39.14</b>	<b>6.10</b>	<b>-</b>	<b>6.93</b>	<b>21.07</b>
	<b>Total</b>	<b>83,227.54</b>	<b>17,936.04</b>	<b>169.55</b>	<b>29.16</b>	<b>2,403.86</b>	<b>116.84</b>	<b>-</b>	<b>1,03,824.66</b>	<b>5,201.27</b>	<b>0.12</b>	<b>5,565.14</b>	<b>82,863.55</b>
	<b>Previous Year</b>	<b>273.76</b>	<b>75,617.41</b>	<b>-</b>	<b>-</b>	<b>7,463.60</b>	<b>(127.23)</b>	<b>-</b>	<b>83,227.54</b>	<b>201.09</b>	<b>-</b>	<b>363.99</b>	<b>110.87</b>



ADANI KANDLA BULK TERMINAL PRIVATE LIMITED  
Notes to the Financial Statements for the year ended March 31, 2016

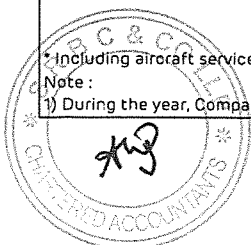
10 Capital Work in Progress includes Expenditure during construction period and Capital Inventory, details of which are as follows:

Particulars	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>A. Capital Work in Progress</b>		
<b>Opening Balances</b>	17,547.08	36,774.11
Direct material	1,842.36	34,973.35
Direct services	1,297.66	10,708.35
Land development costs including Backup Yard Development	-	626.08
Add: Additional EDC capitalised in CWIP	-	3,480.55
Less: Capitalised during the year	(19,971.07)	(68,617.36)
Less : Project inventory	-	(398.00)
<b>Sub Total (A)</b>	<b>716.03</b>	<b>17,547.08</b>
<b>B. Expenditure during Construction (EDC) Period:</b>		
<b>Opening Balance</b>	-	3,972.39
<b>Project Planning, Engineering and Consultancy Charges</b>	-	2,023.60
<b>Other Expenses</b>		
License fee for water front	-	712.88
Water pipeline installation	-	983.78
Rates and taxes	-	19.55
Legal & professional fees	-	60.28
Land lease rent	-	93.44
Rent expenses	-	3.56
Travelling & conveyance Expenses*	-	327.47
Staff welfare expenses	-	12.04
Security expenses	-	70.60
Depreciation	-	20.44
Miscellaneous expenses	-	163.07
Repair & maintenance	-	29.20
Power and fuel	-	155.72
Insurance	-	49.56
Salary	-	2.58
<b>Financial expenses</b>		
Interest on borrowing and bank finance charges	510.68	9,362.63
Less:		
Dividend income	-	(1.56)
Miscellaneous income	-	(114.33)
Profit on sale of project inventory	-	(8.05)
<b>Sub Total (B)</b>	<b>510.68</b>	<b>17,938.85</b>
<b>C. Trial Run Income/Expense</b>		
<b>Trial Run income</b>		
Income from port operations	-	(165.37)
<b>Trial Run expense</b>		
Handling charges	-	40.31
Royalty expenses	-	42.36
Land lease rent	-	87.32
Electricity expense	-	26.82
Travelling & conveyance Expenses	-	10.31
Consultancy charges	-	5.60
Staff welfare expenses	-	2.40
Miscellaneous expenses	-	2.68
<b>Net Loss from Trial Run (C)</b>	<b>Sub Total (C)</b>	<b>52.43</b>
<b>D. Total EDC Cost</b>	<b>TOTAL (B+C)</b>	<b>17,991.28</b>
Less:		
<b>E. EDC allocated to Fixed Assets</b>	<b>(510.68)</b>	<b>(17,991.28)</b>
<b>F. Closing EDC</b>	<b>TOTAL (D-E)</b>	<b>-</b>
<b>G. Project Materials</b>	<b>74.99</b>	<b>1,455.55</b>
<b>TOTAL (A+F+G)</b>	<b>791.02</b>	<b>19,002.63</b>

\* Including aircraft services expenses of Nil (previous year ₹ 222.32 lac)

Note:

1) During the year, Company has incurred dredging cost of ₹ 399.50 lac to enhance the berthing and large capacity vessels at the port.



**ADANI KANDLA BULK TERMINAL PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2016**

**11 Loans and advances**

	Non-Current		Current	
	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>Unsecured, considered good</b>				
Capital advances	11.19	222.67	-	-
Security deposit	56.13	54.00	5.60	9.24
Advances recoverable in cash or kind	-	-	151.80	0.25
Advances to Suppliers (refer note 26)	2,500.00	-	-	-
Others				
Balance with Statutory/ Government authorities	2,247.31	1,302.24	2,282.62	3,566.92
Prepaid expenses	35.59	-	461.98	543.16
Advance Income Tax	124.19	15.00	-	-
	<b>4,974.41</b>	<b>1,593.91</b>	<b>2,902.00</b>	<b>4,119.57</b>

Note : Advance to Suppliers carries interest @ 11.75% p.a.

**12 Inventories**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Stores, consumables and spares (including Goods in transit of ₹ Nil (previous year ₹ 66.25 lac)	873.53	66.25
Scrap, held for sale	286.94	398.00
	<b>1,160.47</b>	<b>464.25</b>

**13 Trade receivables**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	10.75	-
Other receivables	3,495.18	153.37
	<b>3,505.93</b>	<b>153.37</b>
Dues from related parties included in above (refer note 26)	3,444.58	153.37

**14 Cash and Bank balances**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	27.94	9.73
	<b>27.94</b>	<b>9.73</b>

**15 Other current assets**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Accrued revenue	-	203.96
Interest accrued but not due (refer note 26)	35.49	-
Non trade receivable (refer note 26)	51.63	63.30
	<b>87.12</b>	<b>267.26</b>

**16 Revenue from operation**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
<b>Revenue from operation</b>		
Port terminal services and cargo handling income	7,699.63	232.52
	<b>7,699.63</b>	<b>232.52</b>

**17 Other Income**

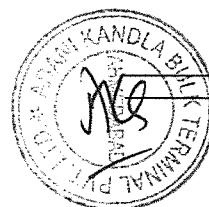
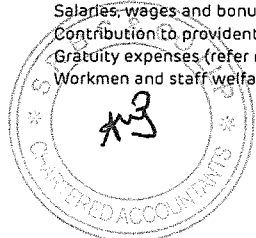
	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Profit on Sale of Inventories	14.01	-
Profit on Sale of Fixed Assets	0.19	-
Exchange Rate Differences Other than Financing Activity	1.55	-
Interest Income	39.90	-
Profit on Sale of Current Investments (Mutual Funds)	0.69	-
	<b>56.34</b>	<b>-</b>

**18 Operating Expenses**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Cargo handling charges to contractors	2,750.05	70.23
Waterfront royalty	800.00	32.88
Stores and Spares consumed	457.87	-
Power & fuel	778.82	13.91
	<b>4,786.74</b>	<b>117.02</b>

**19 Employee benefits expense**

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Salaries, wages and bonus	434.65	0.53
Contribution to provident and other fund	17.73	0.03
Gratuity expenses (refer note 27)	51.36	0.04
Workmen and staff welfare expenses	78.28	-
	<b>582.02</b>	<b>0.60</b>



ADANI KANDLA BULK TERMINAL PRIVATE LIMITED  
Notes to the Financial Statements for the year ended March 31, 2016

20 Finance Charges

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Interest Expense	8,543.75	333.14
Bank charges and Other Finance Cost	19.65	0.01
	<b>8,563.40</b>	<b>333.15</b>

21 Other Expenses

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Rates and taxes	72.31	23.54
Director Sitting fees	1.73	-
Manpower Services	127.90	-
Communication expenses	5.77	0.03
Factory & Office Expenses	39.47	-
Travelling & conveyance expenses	173.96	-
Repair & Maintenance	162.60	-
Insurance expenses	61.00	4.70
Supervision & testing expenses	0.09	-
Land lease rental	109.70	4.55
Legal & professional fees	176.36	7.11
Advertisement expenses	4.27	75.95
Payment to auditors		
As auditor		
Audit fees	4.50	4.00
Limited review fees	3.00	-
Certification fees	0.16	-
Reimbursement of Expenses	0.62	-
Miscellaneous Expenses	27.60	-
	<b>971.04</b>	<b>119.88</b>

22 Earnings/(Loss) per share (EPS)

	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Loss for the year	(15,442.50)	(580.42)
Weighted average number of equity shares in calculating basic and diluted EPS (Nos.)	6,68,44,521	52,55,479
Basic and diluted earnings/(loss) per share in rupees	<b>(23.10)</b>	<b>(11.04)</b>

23 Contingent liabilities not provided for

Based on the information available with the Company, there is no contingent liability as at March 31, 2016 (March 31, 2015 : NIL)

24 Capital Commitments

Particular	31 March 2016	31 March 2015
	(₹ in Lac)	(₹ in Lac)
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	175.61	365.63

25 a) Expenditure in Foreign Currency (accrual basis)

Particulars	31 March 2016	31 March 2015
	(₹ in Lac)	(₹ in Lac)
Bank Charges	0.05	-
Interest	4.62	-
Engineering services for projects	9.21	257.23

b) CIF value of Imports

Particulars	31 March 2016	31 March 2015
	(₹ in Lac)	(₹ in Lac)
Capital goods	8.52	1,272.53
Stores & spares	60.03	-

c) Imported and Indigenous stores and spares consumed

Particulars	Consumption		Consumption %	
	2015-16	2014-15	2015-16	2014-15
Imported	7.69	-	2%	-
Indigenous	450.18	-	98%	-
Total	457.87	-	100%	-



**ADANI KANDLA BULK TERMINAL PRIVATE LIMITED**  
Notes to Financial Statements for the year ended March 31, 2016.

**26 Related Party Disclosures**

The Management has identified the following entities as related parties of the Company for the year ended March 31, 2016 for the purposes of reporting as per AS 18 – Related Party Transactions, which are as under:

Criteria	Name of the Company
<b>Holding Company</b>	Adani Ports And Special Economic Zone Limited
<b>Fellow Subsidiary with whom transaction has taken place</b>	Adani Logistics Limited Karnavati Aviation Private Limited Adani Petronet (Dahej) Port Private Limited Adani Vizag Coal Terminal Private Limited The Dhamra Port Company Limited MPSEZ Utilities Private Limited
<b>Entities over which major shareholders of the holding company are able to exercise significant influence through voting powers</b>	Adani Enterprises Limited Adani Power Limited Adani Bunkering Private Limited
<b>Key Management Personnel (KMP)</b>	Ennarasu Karunesan , Managing Director Karan Adani, Director Unmesh Abhyankar, Director

Aggregate of transactions for the year ended with these parties have been given below.

Category	Name of Related Party	31 March 2016 (₹ in Lac)	31 March 2015 (₹ in Lac)
Borrowings (Loan taken)	Adani Ports and Special Economic Zone Limited	28,070.90	32,384.88
Borrowings (Loan repaid)	Adani Ports and Special Economic Zone Limited	14,528.90	2,643.00
Equity share application money converted to loan	Adani Ports and Special Economic Zone Limited	-	30,585.00
Equity share capital allotted	Adani Enterprises Limited	2,600.00	518.85
	Adani Ports and Special Economic Zone Limited	7,400.00	1,481.15
Purchase of services (Capital)	Adani Ports and Special Economic Zone Limited	399.50	-
Purchase of services	Adani Ports and Special Economic Zone Limited	-	245.50
	Karnavati Aviation Private Limited	85.42	222.32
	Adani Enterprises Limited	4.55	0.35
	Adani Petronet (Dahej) Port Private Limited	-	3.60
Purchase of materials	Adani Ports and Special Economic Zone Limited	118.69	154.56
	Adani Power Limited	-	5.78
	Adani Vizag Coal Terminal Private Limited	-	16.57
Reimbursement of expenses	Adani Ports and Special Economic Zone Limited	0.25	-
	Adani Logistics Limited	9.71	-
Rendering of services	Adani Logistics Limited	6,693.50	142.67
Advance to supplier	Adani Bunkering Pvt Ltd	2,500.00	-
Sale of materials	Adani Ports and Special Economic Zone Limited	202.77	97.86
	The Dhamra Port Company Limited	-	17.50
Sale of Scrap	Adani Ports and Special Economic Zone Limited	0.63	-
Sale of Asset	The Dhamra Port Company Limited	1.62	-
Interest Income	Adani Bunkering Private Limited	39.43	-
Interest expense	Adani Ports and Special Economic Zone Limited	9,049.80	9,684.11

**Closing Balances**

Inter corporate loan	Adani Ports and Special Economic Zone Limited	106,313.88	92,771.88
Capital creditors	Adani Ports and Special Economic Zone Limited	399.50	0.24
	Karnavati Aviation Private Limited	-	126.14
Trade payables	Adani Ports and Special Economic Zone Limited	61.13	147.12
	Adani Logistics Limited	124.26	-
	Adani Enterprises Limited	1.31	-
	Karnavati Aviation Private Limited	0.18	-
Other current liabilities	MPSEZ Utilities Private Limited	0.60	-
Interest accrued but not due	Adani Ports and Special Economic Zone Limited	3,832.56	8,715.70
Advances recoverable in cash or kind	Adani Bunkering Private Limited	2,500.00	-
Interest Accrued and Due (Receivable)	Adani Bunkering Private Limited	35.49	-
Non trade receivable	Adani Ports and Special Economic Zone Limited	-	63.30
Trade receivable	Adani Logistics Limited	3,444.58	153.37

Note:

1. Managing Director of the company is in employment with the parent company, Adani Ports and Special Economic Zone Limited and he is paid remuneration by the parent company.
2. The Company has availed letter of credit facilities of ₹ 1073.62 lac (previous year ₹ 956.79 lac) out of the limits available with the parent company.
3. The Company has issued bank guarantees of ₹ 259.00 lac (previous year ₹ 4279.00 lac) out of the limits available with the parent company.



**ADANI KANDLA BULK TERMINAL PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2016**

**27 Employee Benefit**

1. The company has recognized, in the Statement of Profit and Loss for the current year, an amount of ₹ 16.48 lacs (previous year ₹ 0.02 lacs) as expenses under the following defined contribution plan.

Particulars	31 March 2016	31 March 2015
Provident Fund	16.48	0.02
<b>Total</b>	<b>16.48</b>	<b>0.02</b>

2. The company has a defined gratuity plan. Under the plan every employee who has completed at least five years of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Company of India (LIC) in form of a qualifying insurance policy for future payment of gratuity to the employees.

The following tables summarise the component of the net benefits expenses recognized in the statement of profit and loss account and the funded status and amounts recognized in the balance sheet as per the plan.

**Profit and Loss Account**

**a) Net gratuity employee benefit expenses**

Particulars	31 March 2016	31 March 2015
Current Service cost	7.23	0.04
Interest Cost on benefit obligation	0.00	-
Expected return on plan assets	-	-
Actuarial loss / (gain) recognised in the year	44.13	-
<b>Net benefit expense</b>	<b>51.36</b>	<b>0.04</b>

Actual return on plan assets ₹ 0.29 lac (previous year ₹ Nil)

**Balance Sheet**

**b) Benefit gratuity asset / liability**

Particulars	31 March 2016	31 March 2015
Present value of defined benefit obligation	51.69	0.04
Fair value of plan assets	10.29	-
<b>Net asset/ (liability)</b>	<b>(41.40)</b>	<b>(0.04)</b>

**c) Changes in Present Value of the defined benefit obligation are as follows:**

Particulars	31 March 2016	31 March 2015
Defined benefit obligation at the beginning of the year	0.04	-
Current Service cost	7.23	0.04
Interest Cost	0.00	-
Actuarial (gain) / loss on obligations	44.42	-
Benefits paid	-	-
<b>Defined benefit obligation at the end of the year</b>	<b>51.69</b>	<b>0.04</b>

**d) Changes in fair value of plan assets are as follows:**

Particulars	31 March 2016	31 March 2015
Opening fair value of plan assets	-	-
Expected return	-	-
Contributions by employer	10.00	-
Benefits Paid	-	-
Actuarial gains / (losses)	0.29	-
<b>Closing fair value of plan assets</b>	<b>10.29</b>	<b>-</b>

The Company expects to contribute Rs. 48.96 Lacs to gratuity in the next year.

**e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

Particulars	31 March 2016	31 March 2015
Investments with insurer	100%	100%

**f) The principle assumptions used in determining gratuity obligations are as follows:**

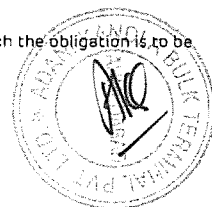
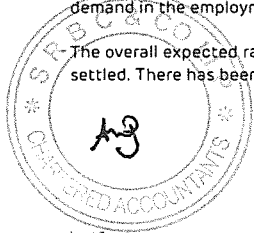
Particulars	As at	As at
	31 March 2016	31 March 2015
Discount rate	7.90%	7.96%
Expected rate of return on plan assets	7.90%	-
Rate of Escalation in Salary (per annum)	9.00%	8.50%
Mortality	India Assured Lives Mortality (2006-08)	India Assured Lives Mortality (2006-08)
Attrition rate	10% for 5 yrs. & below and 1% thereafter	10% for 4 yrs. & below and 1% thereafter

**g) Amounts for the current period is as follows:**

Particulars	As at	As at
	31 March 2016	31 March 2015
Defined benefit obligation	51.69	0.04
Plan Assets	10.29	-
Surplus / (deficit)	(41.40)	(0.04)
Experience adjustments on plan liabilities -Loss /(Gain)	(41.18)	-
Experience adjustments on plan assets Loss /(Gain)	0.29	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.





**ADANI KANDLA BULK TERMINAL PRIVATE LIMITED**  
**Notes to the Financial Statements for the year ended March 31, 2016**

**28 Disclosure under MSMED Act**

Details as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). This information has been determined to the extent such parties have been identified on the basis of information available with the Company

S. No	Particulars	Year ended	
		31 March 2016	31 March 2015
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year. Principal Interest	0.50 Nil	Nil Nil
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	Nil	Nil

**29 The details of foreign currency exposures those are not hedged by a derivative instrument or otherwise as are under:**

Particular	Currency	31 March 2016		31 March 2015	
		Foreign Currency	Amt in Rs.	Foreign Currency	Amt in Rs.
Payable	USD	0.05	3.25	0.05	3.06
Buyer's credit	EURO	14.24	1,073.62	14.24	956.79
Interest accrued but not due	EURO	0.02	1.56	0.03	2.17
Capital advance	EURO	-	-	0.12	8.23

Closing Rate as at March 31, 2016

INR / USD = Rs. 66.255  
 INR / EURO = Rs. 75.395

Closing Rate as at March 31, 2015

INR / USD = Rs. 62.50  
 INR / EURO = Rs. 67.19

**30 Storage Charges**

In terms of clause 9.2 of Concession agreement dated June 27, 2012 between the Company and Kandla Port Trust (KPT), the Company is liable to pay revenue share to KPT on cargo storage charges beyond the free period based on tariff rates of KPT. The Company has made representation to KPT in the matter explaining that period of free storage given in the concession agreement is not consistent with practice. In view of the above the Company has made representations to KPT under the Tariff Authority for Major Ports (TAMP) notification/guidelines that the storage charges should be considered under miscellaneous charges category and accordingly, revenue share on storages charges is to be paid. Matter is pending for resolutions with KPT Authorities.

However, Company has accounted ₹ 101.84 lac as revenue share on storage charges on cargo handled since February 2014.

**31** During the year ended March 31, 2016, the Company has incurred net loss of ₹ 15,442.50 lacs (March 31, 2015: ₹ 580.42 lacs) and has accumulated losses of ₹ 16,027.20 lacs (March 31, 2015: ₹ 584.70 lacs) which has resulted in substantial erosion of the Company's net worth. The Company has incurred cash loss during the current year and previous year and the Company's current liabilities exceeded its current assets as at balance sheet date. Considering this being second year of the Company's operations, the management expects that there will be significant increase in the operations of the Company that will lead to improved cash flows and long term sustainability. Adani Ports and Special Economic Zone Limited, the Holding Company has undertaken to provide such financial support as necessary, to enable the Company to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a 'going concern' basis.

**32 Previous year Comparatives**

Previous year figures have been regrouped / reclassified, where necessary to confirm to this year's classification. Financial results of the year are not comparable with previous year ended on March 31, 2015 as the Company started commercial operation w.e.f. March 17, 2015.

As per our report of even date  
**For SRBC & CO LLP**  
 Firm Registration No.: 324982E  
 Chartered Accountants



per Arpit K. Patel  
 Partner  
 Membership No. 34032



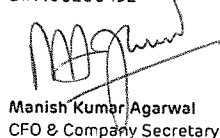
For and on behalf of the Board of Directors of  
 Adani Kandla Bulk Terminal Private Limited



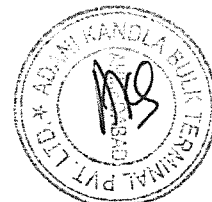
Enparasu Karunesan  
 Managing Director  
 DIN : 00200432



Karan Adani  
 Director  
 DIN : 03088095



Manish Kumar Agarwal  
 CFO & Company Secretary



Place : Ahmedabad  
 Date : April 26, 2016

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