

INDEPENDENT AUDITOR'S REPORT

To the Members of Adani Vizag Coal Terminal Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Adani Vizag Coal Terminal Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS 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 Ind AS 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 of the Ind AS financial statements 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of matter

We draw attention to Note 32 in the Ind AS financial statements which indicates that the Company has accumulated losses and its net worth has been substantially eroded, the Company has incurred a net cash loss during the current year and previous year. These conditions along with other matters set forth in Note 32, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statement of the Company has been prepared on going concern basis for the reasons stated in the said Note.

Our opinion is not qualified in respect of these matters.

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:
 - (a) 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;
 - (b) 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;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) The going concern matter described in paragraph under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
 - (g) 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;

(h) 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:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 12 to the Ind AS financial statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period

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

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Arpit K Patel

Partner

Membership Number: 34032

Place of Signature: Ahmedabad

Date: May 12, 2017

Annexure - 1 referred to in paragraph on Report on Other Legal and Regulatory Requirements of our report of even date of Adani Vizag Coal Terminal Private Limited for the year ended March 31, 2017

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Intangible Assets.
 - (b) All Property, Plant and Equipment and Intangible 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) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the company has constructed the immovable properties in terms of the Concession Agreement with Vishakhapatnam Port trust (VPT) dated August 01, 2011 which is for the period of 30 years.
- (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 rendered by 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 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, custom 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 information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company has not taken any loans from financial institutions and government and has not issued debentures.

(ix) In our opinion and according to the information and explanations given by the management, and on an overall examination of the balance sheet, we report that the Company has utilised the monies raised by way of term loans for the purposes for which those were raised.

(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 on or 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 management, the Company has not paid any managerial remuneration during the year 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.

(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/E300003

per Arpit K Patel

Partner

Membership Number: 34032

Place of Signature: Ahmedabad

Date: May 12, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ADANI VIZAG COAL 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")

We have audited the internal financial controls over financial reporting of Adani Vizag Coal Terminal Private Limited ("the Company") as of March 31, 2017 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 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.

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.

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, 2017, 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 & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Arpit K Patel

Partner

Membership Number: 34032

Place of Signature: Ahmedabad

Date: May 12, 2017

Adani Vizag Coal Terminal Private Limited
Balance Sheet as at March 31, 2017

				in Lacs
Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Assets				
Non-Current Assets				
Property, Plant and Equipment	3	135.81	174.95	208.96
Intangible Assets	3	31,107.43	34,578.69	36,109.02
Financial Assets	5	48.50	46.19	23.54
Other Non-Current Assets	6	2,046.32	286.07	375.17
		33,338.06	35,085.90	36,716.69
Current assets				
Inventories	7	148.21	188.45	175.84
Financial Assets				
i) Trade Receivables	4	1.22	231.07	351.23
ii) Cash and Cash Equivalents	8	34.60	99.56	45.15
iii) Other Financial Assets	5	953.63	18.85	150.73
Other Current Assets	6	95.45	1,751.43	1,555.61
		1,233.11	2,289.36	2,278.56
Total Assets		34,571.17	37,375.26	38,995.25
Equity And Liabilities				
Equity				
Equity Share Capital	9	10,128.00	10,128.00	10,128.00
Other equity	10	(11,983.84)	(7,963.33)	(1,496.61)
Total Equity attributable to Equity Holders of the Company		(1,855.84)	2,164.67	8,631.39
Non-Current Liabilities				
Financial liabilities				
i) Borrowings	11	34,166.02	26,886.10	22,571.32
Net employee defined benefit liabilities	13	1.25	5.27	2.29
Deferred tax liabilities (net)	22	867.19	201.00	293.26
Other non-current liabilities	14	870.60	946.28	1,021.96
		35,905.06	28,038.65	23,888.83
Current Liabilities				
Financial Liabilities				
i) Trade and Other Payables	15	140.34	246.47	437.32
ii) Other Financial Liabilities	12	248.07	6,793.63	5,736.59
Other current liabilities	14	133.29	118.57	295.20
Net employee defined benefit liabilities	13	0.25	13.27	5.92
		521.95	7,171.94	6,475.03
Total liabilities		36,427.01	35,210.59	30,363.86
Total equity and liabilities		34,571.17	37,375.26	38,995.25

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
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

For and on behalf of Board of Directors of
Adani Vizag Coal Terminal Private Limited

per Arpit K. Patel
Partner
Membership No. 34032

Ennarasu Karunesan B.Ravi
Managing Director Director
DIN :00200432 DIN: 00160891

Dipti Shah Satyaprakash Mishra
Company Secretary Chief Financial Officer

Place: Ahmedabad
Date: May 12, 2017

Place: Ahmedabad
Date: May 12, 2017

Adani Vizag Coal Terminal Private Limited
Statement of Profit and Loss for the year ended March 31, 2017

₹ in Lacs

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Revenue from Operations	16	83.27	1,782.57
Other Income	17	96.51	102.47
Total Income		179.78	1,885.04
Expenses			
Operating Expenses	18	147.99	865.69
Terminal Royalty		-	776.85
Employee Benefits Expense	19	52.72	222.72
Depreciation and Amortization Expense	3	2,258.21	2,292.24
Finance costs	20	749.72	3,776.68
Other Expenses	21	328.80	509.97
Total Expense		3,537.44	8,444.15
(Loss) before tax		(3,357.66)	(6,559.11)
Tax expense:			
Deferred Tax	22	665.04	(92.26)
Total Tax Expenses		665.04	(92.26)
(Loss) for the year	(A)	(4,022.70)	(6,466.85)
Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains (losses) on defined benefit plans		3.34	0.13
Income Tax effect		(1.15)	-
Net other comprehensive income for the year not to be reclassified to profit or loss in subsequent periods	(B)	2.19	0.13
Total Comprehensive Income for the year	(A)+(B)	(4,020.51)	(6,466.72)
Earnings per Share - (Face value of ₹ 10 each)			
Basic and Diluted (in ₹)	24	(3.97)	(6.39)

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
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

For and on behalf of Board of Directors of
Adani Vizag Coal Terminal Private Limited

per Arpit K. Patel
Partner
Membership No. 34032

Ennarasu Karunesan B.Ravi
Managing Director Director
DIN :00200432 DIN: 00160891

Dipti Shah Satyaprakash Mishra
Company Secretary Chief Financial Officer

Place: Ahmedabad
Date: May 12, 2017

Place: Ahmedabad
Date: May 12, 2017

Adani Vizag Coal Terminal Private Limited
Statement of Changes in Equity for the year ended March 31, 2017

Particulars	Equity Share Capital	Reserves and Surplus		Total
		Retained Earning		
Balance as at April 01, 2015	10,128.00	(1,496.61)		8,631.39
(Loss) for the year	-	(6,466.85)		(6,466.85)
Other Comprehensive income				
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	0.13		0.13
Total Comprehensive income for the year		(6,466.72)		(6,466.72)
Balance as at March 31, 2016	10,128.00	(7,963.33)		2,164.67
(Loss) for the year	-	(4,022.70)		(4,022.70)
Other Comprehensive income				
Re-measurement gains / (losses) on defined benefit plans (net of tax)	-	2.19		2.19
Total Comprehensive Income for the year		(4,020.51)		(4,020.51)
Balance as at March 31, 2017	10,128.00	(11,983.84)		(1,855.84)

For S R B C & CO LLP
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

For and on behalf of Board of Directors of
Adani Vizag Coal Terminal Private Limited

per Arpit K. Patel
Partner
Membership No. 34032

Ennarasu Karunesan
Managing Director
DIN :00200432

B. Ravi
Director
DIN: 00160891

Place: Ahmedabad
Date: May 12, 2017

Dipti Shah
Company Secretary

Satyaprakash Mishra
Chief Financial Officer

in Lacs

Adani Vizag Coal Terminal Private Limited
Statement of Cash Flows for the year ended March 31, 2017

Particulars	in Lacs	
	For the year ended March 31, 2017	For the year ended March 31, 2016
A. Cash Flow from Operating Activities		
(Loss) before tax	(3,357.66)	(6,559.11)
Adjustments for:		
Loss on Sale / Discard of Property, Plant & Equipments and Intangible Assets (net)	-	2.64
Excess Provision Written Back	(15.94)	(17.29)
Depreciation and Amortisation	2,258.21	2,292.24
Finance Income	(2.31)	(2.81)
Net (Gain) on Sale of Current Investments	-	(6.69)
Finance Cost	230.20	3,763.95
Derivative Loss	519.52	12.73
Government Grant Income	(75.68)	(75.68)
Amortisation of benefits under Deposits	7.04	7.04
Operating Profit before Working Capital Changes	(436.62)	(582.98)
Adjustments for :		
Decrease in trade receivables	229.85	120.16
Decrease / (increase) in inventories	40.24	(12.61)
(Increase) / Decrease in financial assets	(107.89)	111.35
(Increase) in other assets	(141.43)	(49.96)
(Decrease) in trade payables	(106.12)	(190.85)
Increase / (Decrease) in other liabilities	30.68	(159.34)
Increase / (Decrease) in Provisions	(13.70)	10.46
(Decrease) in financial liabilities	-	(8.50)
Cash generated from operations	(504.99)	(762.27)
Direct Taxes paid (net of Refunds)	30.12	(79.28)
Net Cash Outflow from Operating Activities	(474.87)	(841.55)
B. Cash flows from Investing Activities		
Purchase of Property, Plant and Equipments (Including capital work In progress and capital advances)	(91.95)	(576.46)
Proceeds from Sale of Fixed Assets	-	1.77
Interest Received	-	0.69
Sale of Investment in Mutual Fund (net)	-	6.69
Net cash inflow / (Outflow) from investing activities	(91.95)	(567.31)
Cash flows from Financing Activities		
Repayment of Long-Term Borrowings	-	(16,630.00)
Proceeds from Inter Corporate Deposit (including short-term)	2,181.96	20,424.60
Repayment of Inter Corporate Deposit (including short-term)	(60.00)	(886.00)
Loss on Derivative Swap Contracts	(441.00)	9.81
Interest Paid	(1,179.09)	(1,455.15)
C. Net Cash Inflow from Financing Activities	501.87	1,463.26
D. Net Increase / (Decrease) in Cash & Cash Equivalents (A + B + C)	(64.95)	54.40
E. Cash & Cash Equivalents at the Beginning of the Year (Refer note - 8)	99.56	45.15
F. Cash & Cash Equivalents at the End of the Year (Refer note - 8)	34.60	99.56
Notes:		
Component of Cash and Cash equivalents		
Balances with scheduled bank		
On current accounts	34.60	99.56
Cash and Cash Equivalents at the End of the year	34.60	99.56

Summary of significant accounting policies refer note 2.2

(1) The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under Section 133 of The Companies Act 2013, read together with Paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as amended).

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

For and on behalf of Board of Directors of
Adani Vizag Coal Terminal Private Limited

per Arpit K. Patel
Partner
Membership No. 34032

Ennarasu Karunesan B.Ravi
Managing Director Director
DIN :00200432 DIN: 00160891

Dipti Shah Satyaprakash Mishra
Company Secretary Chief Financial Officer

Place: Ahmedabad
Date: May 12, 2017

Place: Ahmedabad
Date: May 12, 2017

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

1 Corporate information

Adani Vizag Coal Terminal Private Limited (the Company) was incorporated on April 15, 2011 as a wholly owned subsidiary of Adani Ports and Special Economic Zone Limited. The Company has developed bulk cargo port terminal facility for Handling Steam Coal in the inner harbor of Visakhapatnam Port on Design, Build, Finance, Operate and Transfer ("DBFOT") basis under the Concession Agreement dated August 01, 2011, effective for a period of 30 years from the date of Award of Concession (August 08, 2012).

The Company has commenced its commercial operations on East Quay - 1 ("EQ-1) Berth at Vizag Port w.e.f October 01 2014 .

2 Basis of preparation

2.1 The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 36 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments,
- Defined Benefit Plans – Plan Assets measured at fair value; and
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

In addition, the financial statements are presented in INR and all values are rounded to the nearest Lacs (INR 00,000), except when otherwise indicated.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- 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 normal operating cycle; or
- It is held primarily for the purpose of trading; or
- 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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Inventories

Inventories are valued at lower of cost and net realisable value.

Stores and Spares:

- Valued at lower of cost and net realizable value. Cost is determined on a moving weighted average basis. Cost of stores and spares lying in bonded warehouse includes custom duty payable.
- Stores and Spares which do not meet the definition of property, plant and equipment are accounted as inventories.
- Costs incurred that relate to future contract activities are recognised as "Project Work in Progress".
- Project work in progress comprise specific contract costs and other directly attributable overheads including borrowing costs which can be allocated on specific contract cost is, valued at lower of cost and net realisable value.
- Net Realizable Value in respect of store and spares is the estimated current procurement price in the ordinary course of the business.

c) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

d) Property, plant and equipment (PPE)

Under the previous GAAP (Indian GAAP), Fixed assets (including Capital work in progress) are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met directly attributable cost of bringing the asset to its working condition for the intended use. The company has elected to regard previous GAAP carrying values of property as deemed cost at the date of transition to Ind AS.

Capital work in progress included in PPE is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The Company adjusts exchange differences arising on translation difference/settlement of long term foreign currency monetary items outstanding in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial statements i.e. March 31, 2016 and pertaining to the acquisition of a depreciable asset to the cost of asset and depreciates the same over the remaining life of the asset. The depreciation on such foreign exchange difference is recognised from first day of the financial year.

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.

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for the assets mentioned below for which useful lives estimated by the management. The identified component of fixed assets are depreciated over their useful lives and the remaining components are depreciated over the life of the principal assets. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The Company has estimated the following useful life to provide depreciation on its certain fixed assets based on assessment made by expert and management estimate.

Assets	Estimated Useful Life
Leasehold Land Development & Assets Constructed on Lease Land	Over the balance period of Concession Agreement.
Marine structure & Dredged channel	Over the balance period of Concession Agreement.
Nylon coated belt on conveyor	4 Years
Fender	10 Years
Building RCC Frame Structure	Over the balance period of Concession Agreement.
Carpeted Roads	10 Years

An item of property, plant and equipment covered under Concession agreement, sub-concession agreement and supplementary concession agreement, shall be transferred to and shall vest in Grantor (government authorities) at the end of respective concession agreement. In cases, where the Company is expected to receive consideration of residual value of property from grantor at the end of concession period, the residual value of contracted property is considered as the carrying value at the end of concession period based on depreciation rates as per management estimate/Schedule II of the Companies Act, 2013 and in other cases it is NIL.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 recognised in the statement of profit or loss when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is as follows:

Intangible assets	Method of amortisation	Estimated Useful Life
Software	Straight line basis	5 Years or useful life whichever is less

Port concession rights arising from Service Concession/Sub-Concession Arrangements:

The Company recognises port concession rights as "Intangible Assets" arising from a service concession arrangement, in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Company as part of the service concession arrangement. Such an intangible asset is recognised by the Company at cost (which is the fair value of the consideration received or receivable for the construction service delivered) and is capitalised when the project is complete in all respects and the Company receives the completion certificate from the authorities as specified in the concession agreement.

Port concession rights also include certain property, plant and equipment which are reclassified as intangible assets in accordance with Appendix A of Ind AS 11 'Service Concession Arrangements'. These assets are amortised based on the lower of their useful lives or concession period.

Gains or losses arising from de-recognition of port concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

The estimated period of port concession arrangements ranges within a period of 20 – 40 years.

f) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

Port Operation Services

Revenue from port operation services including cargo handling and storage are recognized on proportionate completion method basis based on services completed till reporting date. The amount recognized as a revenue is exclusive of service tax and education cess where applicable.

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

Income from SEIS

Income from Services Exports from India Scheme ('SEIS') incentives under Government's Foreign Trade Policy 2015-20 on the port services income are classified as 'Income from Port Operations' and is recognised based on effective rate of incentive under the scheme, provided no significant uncertainty exists for the measurability, realisation and utilisation of the credit under the scheme. The receivables related to SEIS licenses are classified as 'Other Non Financial Assets'.

Interest Income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

g) Foreign Currency Translation

The Company's financial statements are presented in INR, which is functional currency of the Company. The Company determines the functional currency and items included in the financial statements are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception stated under Note 36.1 (b), whereby Exchange differences arising on long-term foreign currency monetary items related to acquisition of a property, plant and equipment (including funds used for projects work in progress) recognised in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period i.e. March 31, 2016 are capitalised / decapitalised to cost of Property, Plant and Equipment and depreciated over the remaining useful life of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

h) Retirement and other Employee Benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefits. The Company measures the expected cost of such absence as the additional amount that is expected to pay as a result of the unused estimate that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months as long term compensated absences which are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per projected unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve month after the reporting date.

i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur except where expenses are adjusted to securities premium account in compliance with section 52 of the Companies Act, 2013. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2015 the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

The Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that The Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

k) Earnings per share

The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year.

For the purpose of calculating diluted earnings per share, the profit 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.

l) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

m) Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Current income tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except

-When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that 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 utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The Company is eligible and claiming tax deductions available under section 80IA of the Income Tax Act, 1961. The current year is the fourth year of Company's operation and it proposes to start claiming tax holiday in the subsequent years only. In view of Company availing tax deduction under Section 80IA of the Income Tax Act, 1961, deferred tax has been recognized in respect of temporary difference, which reverse after the tax holiday period in the year in which the temporary difference originate and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the temporary difference which originate first are considered to reverse first.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

n) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered 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 assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually as at year end at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

o) Provisions

General

Provisions are 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

p) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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 principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuers are involved for valuation of significant assets, such as business undertaking for transfer under the scheme and unquoted financial assets and financial liabilities, Involvement of external valuers is decided upon annually by the Management and in specific cases after discussion with and approval by the Company's Audit Committee. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (refer note 23.2)
- Financial instruments (including those carried at amortised cost) (refer note 23.1)

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- > Debt instruments at amortised cost
- > Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss except where the Company has given temporary waiver of interest not exceeding 12 months period. This category generally applies to trade, loans and other receivables.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure ;

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

Under the simplified approach the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk said initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / (expense) in the statement of profit and loss (P&L). This amount is reflected under the head " Other Expense" in the P&L.

The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at FVTPL.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

r) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, cross currency swaps, options, interest rate futures and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value through profit or loss (FVTPL) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative financial instrument or on settlement of such derivative financial instruments are recognised in statement of profit and loss and are classified as Foreign Exchange (Gain) / Loss except those relating to borrowings, which are separately classified under Finance Cost.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates, judgements and assumptions

The key assumptions 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 described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company

Taxes

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Adani Vizag Coal Terminal Private Limited
Notes to Financials statements for the year ended March 31, 2017
Note 3 - Property, Plant and Equipment

Particulars	Tangible assets						Intangible assets			Total
	Building	Furniture & fixtures	Office equipments	Computer equipment	Vehicles	Total	Port Infrastructure Rights	Software	Total	
Cost										
As at April 1, 2015 (refer note 2.2(d))	14.72	22.72	65.27	95.94	10.31	208.96	36,051.11	57.91	36,109.02	
Additions	-	-	-	-	-	-	-	-	-	
Deductions/Adjustment	-	4.56	0.35	-	-	4.91	-	-	-	
Exchange difference	-	-	-	-	-	-	610.76	-	610.76	
Transfers / Capitalised from CWIP	-	4.18	0.70	10.82	-	15.70	102.19	3.69	105.88	
As at March 31, 2016	14.72	22.34	65.62	106.76	10.31	219.75	36,764.06	61.60	36,825.66	
Additions	-	-	-	-	-	-	-	-	-	
Deductions/Adjustment	-	-	-	-	-	-	945.28	-	945.28	
Exchange difference	-	-	-	-	-	-	(454.25)	-	(454.25)	
Transfers / Capitalised from CWIP	-	-	-	5.19	-	5.19	-	23.76	23.76	
As at March 31, 2017	14.72	22.34	65.62	111.95	10.31	224.94	35,364.53	85.36	35,449.89	
Depreciation and Impairment										
As at April 1, 2015	-	-	-	-	-	-	-	-	-	
Depreciation for the year	0.30	2.56	16.52	23.96	1.93	45.27	2,234.51	12.46	2,246.97	
Deductions/(Adjustment)	-	0.37	0.10	-	-	0.47	-	-	-	
As at March 31, 2016	0.30	2.19	16.42	23.96	1.93	44.80	2,234.51	12.46	2,246.97	
Depreciation for the year	0.30	2.36	16.49	23.25	1.93	44.33	2,197.93	15.95	2,213.88	
Deductions/(Adjustment)	-	-	-	-	-	-	118.39	-	118.39	
As at March 31, 2017	0.60	4.55	32.91	47.21	3.86	89.13	4,314.05	28.41	4,342.46	
Net Block										
As at March 31, 2017	14.12	17.79	32.71	64.74	6.45	135.81	31,050.48	56.95	31,107.43	
As at March 31, 2016	14.42	20.15	49.20	82.80	8.38	174.95	34,529.55	49.14	34,578.69	
As at April 1, 2015	14.72	22.72	65.27	95.94	10.31	208.96	36,051.11	57.91	36,109.02	

in Lacs

Adani Vizag Coal Terminal Private Limited

Notes to Financial statements for the year ended March 31, 2017

4 Trade Receivables

Current

Unsecured, considered good

Trade Receivables (refer note 35)

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	1.22	231.07	351.23
	1.22	231.07	351.23

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivable are due from firms or private companies, in which any director is a partner, a director or a member.

5 Financial assets

Non-current

Security and other deposits

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	48.50	46.19	23.54
	48.50	46.19	23.54

Current

Security and other deposits

Non Trade receivable (refer note 35)

Loans and advances to employees

Insurance claim receivables

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	36.14	16.14	16.14
	917.29	-	-
	0.20	2.71	1.35
	-	-	133.24
	953.63	18.85	150.73

6 Other Assets

Non Current

Capital Advances

Secured, considered good

Unsecured, considered good

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	-	-	15.48
(A)	-	-	15.48

Others (Unsecured)

Deposits given

Balance with Government Authorities

Advance income tax (Net of Provision for taxation)

	169.36	176.40	183.44
	1,797.41	-	145.86
	79.55	109.67	30.39
(B)	2,046.32	286.07	359.69
	2,046.32	286.07	375.17

Current

Advances recoverable in cash or in kind

Unsecured, considered good

	10.41	12.45	3.87
(A)	10.41	12.45	3.87

Others (Unsecured)

Prepaid Expenses

Balances with statutory/ Government authorities

Others (also refer note 2.2 (f))

	1.94	4.20	8.94
	-	1,734.78	1,542.80
	83.10	-	-
(B)	85.04	1,738.98	1,551.74
	95.45	1,751.43	1,555.61

7 Inventories (at lower of cost and net realisable value)

Stores and spares, fuel and lubricants

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	148.21	188.45	175.84
	148.21	188.45	175.84

8 Cash and cash equivalents

Balances with banks:

Balance in current account

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	34.60	99.56	45.15
	34.60	99.56	45.15

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

9 Share capital

	As at March 31, 2017 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at April 01, 2015 ₹ in Lacs
Authorised			
1,05,00,00,00 Equity Shares of ₹ 10 each (1,05,00,00,00 and 1,05,00,00,00 Equity Shares of ₹ 10 each as at March 31, 2016 and April 01, 2015 respectively)	10,500.00	10,500.00	10,500.00
	10,500.00	10,500.00	10,500.00
Issued, subscribed and fully paid up shares			
10,12,80,000 Equity Shares of ₹ 10 each (10,12,80,000 and 10,12,80,000 Equity Shares of ₹ 10 each as at March 31, 2016 and April 01, 2015 respectively)	10,128.00	10,128.00	10,128.00
	10,128.00	10,128.00	10,128.00

Notes:

(a) Reconciliation of the number of the shares outstanding as the beginning and end of the year:

	As at March 31, 2017		As at March 31, 2016	
	No in Lacs	₹ in Lacs	No in Lacs	₹ in Lacs
As the beginning of the year	1,012.80	10,128.00	1,012.80	10,128.00
New Shares Issued during the year	-	-	-	-
As the end of the year	1,012.80	10,128.00	1,012.80	10,128.00

(b) Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 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 company

Out of equity shares issued by the company, shares held by its holding company is as below

	As at March 31, 2017 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs
Adani Ports and Special Economic Zone Limited, the holding company and its nominee		
10,12,80,000 equity shares (Previous year 10,12,80,000) of ₹ 10 each	10,128.00	10,128.00

(d) Details of shareholder holding more than 5% shares in the Company

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Equity shares of ₹ 10 each fully paid			
Adani Ports and Special Economic Zone Limited, the holding company and its nominee	No in Lacs 1,012.80	1,012.80	1,012.80
	% Holding 100%	100%	100%

10 Other Equity

	March 31, 2017 ₹ in Lacs	March 31, 2016 ₹ in Lacs
Retained earnings		
Opening Balance	(7,963.33)	(1,496.61)
Add : (Loss) for the year	(4,022.70)	(6,466.85)
Re-measurement gains / (losses) on defined benefit plans (net of tax)	2.19	0.13
Total Other Equity	(11,983.84)	(7,963.33)

11 Borrowings

	As at March 31, 2017 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at April 01, 2015 ₹ in Lacs
Long term Borrowings			
Non-Current			
Term loans			
Indian rupee loan from bank (refer note (a)) (Secured)	-	-	16,071.19
Inter Corporate Deposit (refer note (b)) (Unsecured)	2,008.06	26,886.10	6,500.13
Inter Corporate Deposit (refer note (c)) (Secured)	27,000.00	-	-
Borrowings from bank under suppliers credit (refer note (e)) (Unsecured)	5,157.96	-	-
	34,166.02	26,886.10	22,571.32
Current maturities of long term borrowings			
Indian rupee loan from bank (refer note (a)) (Secured)	-	-	132.41
Bills under foreign currency letter of credits from banks (refer note (d)) (secured)	-	748.30	5,001.46
Borrowings from bank under suppliers credit (refer note (e)) (Unsecured)	-	4,863.92	-
Total current borrowing	-	5,612.22	5,133.87
Less: Amount shown under "other current financial liabilities" (refer note 12)	-	(5,612.22)	(5,133.87)
Net current borrowing	-	-	-
The above amount includes			
Secured borrowings	27,000.00	748.30	16,203.60
Unsecured borrowings	7,166.02	31,750.02	11,501.59
Total borrowings	34,166.02	32,498.32	27,705.19

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

Notes:

(a) Rupee Term Loan from bank aggregating ` Nil (Previous year ` Nil and April 1, 2015 ` 16,203.60 lacs) carried interest @ I-Base + 2.25% p.a. (Spread) and secured on pari passu basis by first mortgage of all the immovable assets of the Company, both present and future and are further secured by hypothecation of immovable assets, both present and future of the Company. During the year, the company has prepaid the entire loan amount.

(b) The Inter Corporate Deposits of ` 2,008.06 lacs (Previous year ` 26,886.10 lacs and April 1, 2015 ` 6,500.13 lacs) borrowed from the holding company carries interest @ 12% p.a. The amounts are borrowed in installments and are for a period of three years from the date of borrowings. The repayment period is extendable with the mutual consent of both the parties and interest is payable on annually. The Company has received waiver of interest on borrowing from holding company for the period of one year w.e.f. April 1, 2016.

(c) The Inter Corporate Deposits of ` 27,000 lacs (Previous year ` Nil and April 1, 2015 ` Nil) borrowed from the holding company carries interest @ 9% p.a. The amounts are borrowed in installments and are for a period of thirteen years from the date of borrowings and repayable in thirteen equal installments annually. The repayment period is extendable with the mutual consent of both the parties and interest is payable on annually. The amounts are secured by mortgage of borrowers' machinery, other tangible movable and intangible assets, both present and future. The Company has received waiver of interest on borrowing from holding company for the period of one year w.e.f. April 1, 2016.

(d) Letter of Credit aggregating ` Nil (Previous year ` 748.30 lacs and April 1, 2015 ` 5,001.46 lacs) are secured on pari passu basis by first mortgage of all the immovable assets of the Company, both present and future and are further secured by hypothecation of immovable assets, both present and future of the Company. The Foreign currency letter of credit carries interest 12m Euribor 40 basis point. The loan is repaid on maturity in the year 2016-17.

(e) Letter of Credit aggregating ` 5,157.96 lacs (Previous year ` 4,863.92 and April 1, 2015 ` Nil) are unsecured. This facilities availed from bank out of the facilities sanctioned to Adani Ports and Special Economic Zone Limited. Letter of Credit carries interest @ 6 months Euribor plus 42 basis point and 3 months Libor plus 95 basis. As at March 31, 2017, the Company has approved facility and sanction from bank to rollover the letter of credits for a period of more than 1 year.

12 Other financial liabilities

Current

Current maturities of long term borrowings (refer note 11)
Interest accrued but not due on borrowings
Deposits from customers
Capital creditors, retention money and other payable
Outstanding derivatives not designated as hedge

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	-	5,612.22	5,133.87
	96.19	1,045.08	10.05
	-	-	8.50
	50.82	113.79	584.17
	101.06	22.54	-
	248.07	6,793.63	5,736.59

13 Net employee defined benefit liabilities

Non-current

Provision for gratuity (refer note 28)
Provision for compensated absences

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	0.48	5.27	2.29
	0.77	-	-
	1.25	5.27	2.29

Current

Provision for gratuity (refer note 28)
Provision for compensated absences

	-	0.01	-
	0.25	13.26	5.92
	0.25	13.27	5.92

14 Other Liabilities

Non Current

Deferred Income - Government Grant (refer note (i) below)

Current

Unearned revenue
Statutory liabilities
Deferred Income - Government Grant (refer note (i) below)
Advance from customers

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	870.60	946.28	1,021.96
	870.60	946.28	1,021.96
	-	-	117.44
	57.06	33.30	54.08
	75.68	75.68	75.68
	0.55	9.59	48.00
	133.29	118.57	295.20

Notes :

(i) Movement of Government Grant (deferred income)

Opening balance

Less: Amortised during the year (refer note 17)

Closing balance

Current

Non Current

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs
	1,021.96	1,097.64
	(75.68)	(75.68)
	946.28	1,021.96
	75.68	75.68
	870.60	946.28

15 Trade payables

Trade payables

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs	As at April 01, 2015 ` in Lacs
	140.34	246.47	437.32
	140.34	246.47	437.32

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

16 Revenue from Operations

Income from Port Operations (including related infrastructure)

For the year ended March 31, 2017 ` in Lacs	For the year ended March 31, 2016 ` in Lacs
83.27	1,782.57
83.27	1,782.57

17 Other Income

Interest Income from

- Bank deposits
- Others
Unclaimed liabilities / excess provision written back
Scrap sale
Profit on sale of Mutual Fund
Government Grant (refer note 14)
Miscellaneous Income

Total Other income

For the year ended March 31, 2017 ` in Lacs	For the year ended March 31, 2016 ` in Lacs
-	0.69
3.72	2.12
15.94	17.29
0.22	-
-	6.69
75.68	75.68
0.95	-
96.51	102.47

18 Operating Expenses

Cargo handling /Other charges to sub-contractors (net of reimbursement)
Railway Operating Expenses
Other expenses including customs establishment charges
Repairs to Plant & Machinery
Repairs to Buildings
Power & Fuel

For the year ended March 31, 2017 ` in Lacs	For the year ended March 31, 2016 ` in Lacs
67.54	441.96
-	2.10
23.36	-
18.02	130.55
0.88	0.48
38.19	290.60
147.99	865.69

19 Employee benefit expense

Salaries and Wages
Contribution to Provident and Other Funds
Gratuity (refer note 28)
Staff Welfare Expenses

For the year ended March 31, 2017 ` in Lacs	For the year ended March 31, 2016 ` in Lacs
45.73	195.72
2.62	10.04
0.76	3.30
3.61	13.66
52.72	222.72

20 Finance Costs

Interest on

- Fixed Loans, Buyer's Credit, Short Term etc.
- Others
Fair Valuation of Inter Corporate Deposit
Bank and other finance charges

(Gain) / Loss on Derivatives / Swap Contracts (net)

For the year ended March 31, 2017 ` in Lacs	For the year ended March 31, 2016 ` in Lacs
189.47	2,435.64
7.04	7.04
-	847.37
33.69	473.90
230.20	3,763.95
519.52	12.73
749.72	3,776.68

Adani Vizag Coal Terminal Private Limited

Notes to Financial statements for the year ended March 31, 2017

21 Other Expenses

	For the year ended March 31, 2017 ` in Lacs	For the year ended March 31, 2016 ` in Lacs
Rent	207.88	203.39
Directors Sitting Fee	1.82	1.10
Rates and Taxes	2.37	3.21
Communication Expenses	3.10	4.79
Office Expenses	0.42	13.71
Loss on sale of fixed assets	-	2.64
Security Expenses	43.80	47.21
Travelling and Conveyance	11.37	110.28
Payment to Auditors (refer note a below)	7.08	7.42
Legal and Professional Expenses	21.38	44.95
Repairs and Maintenance (net of reimbursement)	5.91	15.89
Insurance (net of reimbursement)	8.84	14.17
Miscellaneous Expenses	14.83	41.21
	328.80	509.97

Note: a

Payment to Auditor

As Auditor:

Audit fee

Limited review

Reimbursement of expenses

	For the year ended March 31, 2017 ` in Lacs	For the year ended March 31, 2016 ` in Lacs
Audit fee	4.00	4.00
Limited review	3.00	3.32
Reimbursement of expenses	0.08	0.10
	7.08	7.42

22 Income Tax

(a) The major components of income tax expenses for the years ended March 31, 2017 and March 31, 2016

	For the year ended March 31, 2017 ` in Lacs	For the year ended March 31, 2016 ` in Lacs
Statement of profit and loss		
Deferred Tax: Relating to origination and reversal of temporary differences	665.04	(92.26)
Income tax expenses reported in statement of profit and loss	665.04	(92.26)

(b) OCI section

Deferred tax related to items recognised in OCI during the year

Net loss/(gain) on remeasurement of defined benefit plans

Income tax charged to OCI

	For the year ended March 31, 2017 ` in Lacs	For the year ended March 31, 2016 ` in Lacs
Net loss/(gain) on remeasurement of defined benefit plans	(1.15)	-
Income tax charged to OCI	(1.15)	-

(c) Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for March 31, 2017 and March 31, 2016

	March 31, 2017		March 31, 2016	
	%	` in Lacs	%	` in Lacs
(Loss) Before tax		(3,354.32)		(6,558.98)
Tax using the Company's domestic rate	34.61	(1,160.86)	34.61	(2,269.93)
Tax Effect of:				
Unabsorbed Losses and depreciation on which Deferred Tax Asset is not created	-54.43%	1,825.90	-33.20%	2,177.67
Effective tax rate	-19.83%	665.04	1.41%	(92.26)

(d) Deferred tax relates to following

Particulars	Balance Sheet as at			Statement of Profit and Loss	
	March 31, 2017 ` in Lacs	31-Mar-16 ` in Lacs	April 01, 2015 ` in Lacs	March 31, 2017 ` in Lacs	March 31, 2016 ` in Lacs
Accelerated depreciation for tax purpose	874.73	208.06	-	666.67	208.06
Defined benefit liability	1.15	-	-	1.15	-
Other temporary differences	(8.69)	(7.06)	293.26	(1.63)	(300.32)
Deferred tax liabilities	867.19	201.00	293.26	666.19	(92.26)

(e) Reconciliation of deferred tax liabilities

Tax expense / (income) during the period recognised in statement of Profit and Loss
Tax expense during the period recognised in OCI

	As at March 31, 2017 ` in Lacs	As at March 31, 2016 ` in Lacs
Tax expense / (income) during the period recognised in statement of Profit and Loss	665.04	(92.26)
Tax expense during the period recognised in OCI	1.15	-
	666.19	(92.26)

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

(f) The company has carried forward unabsorbed depreciation aggregating ₹ 14,010.96 lacs (Previous year ₹ 10,150.89 lacs and as at April 01, 2015 ₹ 5,486.09 lacs) under the Income Tax Act, 1961 for which there is no expiry date of its tax credit utilisation by the respective entities. Further the Company has carried forward losses aggregating ₹ 5,392.72 lacs (previous year ₹ 4,296.60 lacs and as at April 01, 2015 ₹ 825.79 lacs) under the Income Tax Act, 1961, which gets expired within 8 years of the respective year. The carried forward losses will get expired mainly during the year 2022-23 to 2024-25

Deferred tax assets has not been recognised in respect of these unabsorbed depreciation on carried forward losses as they may not be used to offset taxable profits of the company in future year and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Company was able to recognise all unrecognised deferred tax assets, the loss would reduce by ₹ 6,715.23 lacs.

23 Financial Instruments, Fair Value Measurements, Financial Risk and Capital Management

23.1 Category-wise Classification of Financial Instruments:

Particulars	Refer Note	As at March 31, 2017			
		Fair Value through other Comprehensive Income	Fair Value through other Profit & Loss	Amortised Cost	Carrying value
Financial Asset					
Trade receivables	4	-	-	1.22	1.22
Cash and Cash Equivalents	8	-	-	34.60	34.60
Others financial assets	5	-	-	1,002.13	1,002.13
Total		-	-	1,037.95	1,037.95
Financial Liabilities					
Borrowings	11	-	-	34,166.02	34,166.02
Trade payables	15	-	-	140.34	140.34
Derivatives Instruments not designated as hedge	12	-	101.06	-	101.06
Other financial liabilities	12	-	-	147.01	147.01
Total		-	101.06	34,453.37	34,554.43

₹ in Lacs

Particulars	Refer Note	As at March 31, 2016			
		Fair Value through other Comprehensive Income	Fair Value through other Profit & Loss	Amortised Cost	Carrying value
Financial Asset					
Trade receivables	4	-	-	231.07	231.07
Cash and Cash Equivalents	8	-	-	99.56	99.56
Others financial assets	5	-	-	65.04	65.04
Total		-	-	395.67	395.67
Financial Liabilities					
Borrowings	11	-	-	32,498.32	32,498.32
Trade payables	15	-	-	246.47	246.47
Derivatives Instruments not designated as hedge	12	-	22.54	-	22.54
Other financial liabilities	12	-	-	1,158.87	1,158.87
Total		-	22.54	33,903.66	33,926.20

₹ in Lacs

Particulars	Refer Note	As at April 01, 2015			
		Fair Value through other Comprehensive Income	Fair Value through other Profit & Loss	Amortised Cost	Carrying value
Financial Asset					
Trade receivables	4	-	-	351.23	351.23
Cash and Cash Equivalents	8	-	-	45.15	45.15
Others financial assets	5	-	-	174.27	174.27
Total		-	-	570.65	570.65
Financial Liabilities					
Borrowings	11	-	-	27,705.19	27,705.19
Trade payables	15	-	-	437.32	437.32
Other financial liabilities	12	-	-	602.72	602.72
Total		-	-	28,745.23	28,745.23

₹ in Lacs

23.2 Fair Value Measurements:

a) Quantitative disclosures fair value measurement hierarchy for financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	Significant observable Inputs (Level 2)	Significant observable Inputs (Level 2)	Significant observable Inputs (Level 2)
Financial Liabilities			
Derivative instruments	101.06	22.54	-
Total	101.06	22.54	-

₹ in Lacs

b) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Adani Vizag Coal Terminal Private Limited

Notes to Financial statements for the year ended March 31, 2017

23.3 Financial Risk objective and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations/projects and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company enters into derivative transactions.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), interest rate movements (interest rate risk). It manages its exposure to these risks through derivative financial instruments by hedging transactions. It uses derivative instruments such as Cross Currency Swaps, Full Currency swaps, Interest rate swaps, foreign currency future options and foreign currency forward contract to manage these risks. These derivative instruments reduce the impact of both favourable and unfavourable fluctuations.

The Company's risk management activities are subject to the management, direction and control of Central Treasury Team of the Adani Group under the framework of Risk Management Policy for Currency and Interest rate risk as approved by the Board of Directors of the Company. The Company's central treasury team ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The decision of whether and when to execute derivative financial instruments along with its tenure can vary from period to period depending on market conditions and the relative costs of the instruments. The tenure is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company is exposed to losses in the event of non-performance by the counterparties to the derivative contracts. All derivative contracts are executed with counterparties that, in our judgment, are creditworthy. The outstanding derivatives are reviewed periodically to ensure that there is no inappropriate concentration of outstanding to any particular counterparty.

Further, all currency and interest risk as identified above is measured on a daily basis by monitoring the mark to market (MTM) of open and hedged position. The MTM is derived basis underlying market curves on closing basis of relevant instrument quoted on Bloomberg/Reuters. For quarter ends, the MTM for each derivative instrument outstanding is obtained from respective banks. All gain / loss arising from MTM for open derivative contracts and gain / loss on settlement / cancellation / roll over of derivative contracts is recorded in statement of profit and loss.

Interest rate risk

The Company is exposed to changes in market interest rates due to financing, investing and cash management activities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company enters into interest rate swap contracts or interest rate future contracts to manage its exposure to changes in the underlying benchmark interest rates.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31st March, 2017 would decrease / increase by ` 3.44 Lacs (for the year ended 31st March, 2016: decrease / increase by ` 3.74 Lacs). This is mainly attributable to interest rates on variable rate long term borrowings.

Foreign currency risk

Exchange rate movements, particularly the Euro (EUR) against Indian Rupee (INR), have an impact on the Company's operating results. The Company manages its foreign currency risk by entering into currency swap for converting INR loan into other foreign currency for taking advantage of lower cost of borrowing in stable currency environment. The Company also enters into various foreign exchange contracts to mitigate the risk arising out of foreign exchange rate movement on foreign currency borrowings or trade payables. Further, to hedge foreign currency future transactions in respect of which firm commitment are made or which are highly probable forecast transactions (for instance, foreign exchange denominated income) the Company has entered into foreign currency forward contracts as per the policy of the Company.

(` in Lacs)

Impact on profit after tax

Sr. No.	Particulars	Impact on profit after tax	
		For the year ended March 31, 2017	For the year ended March 31, 2016
1	EURO Sensitivity		
	RUPEES / EURO – Increase by 1%	(7.00)	(7.51)
	RUPEES / EURO – Decrease by 1%	7.00	7.51

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive evaluation and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Adani Vizag Coal Terminal Private Limited

Notes to Financial statements for the year ended March 31, 2017

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks and APSEZ to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analysis derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lacs)

Contractual maturities of financial liabilities as at March 31, 2017	Total Book Value	On demand or within 1 year	Over 1 year Within 3 years	Over 3 year Within 5 years	Over 5 year
Borrowings (refer note 11 & 12)	34,166.02	-	5,157.96	-	29,008.06
Trade Payables (refer note 15)	140.34	140.34	-	-	-
Other Financial liabilities (refer note 12)	248.07	248.07	-	-	-
Total	34,554.43	388.41	5,157.96	-	29,008.06

Contractual maturities of financial liabilities as at March 31, 2016	Total Book Value	On demand or within 1 year	Over 1 year Within 3 years	Over 3 year Within 5 years	Over 5 year
Borrowings (refer note 11 & 12)	32,498.32	5,612.22	-	-	26,886.10
Trade Payables (refer note 15)	246.47	246.47	-	-	-
Other Financial liabilities (refer note 12)	1,181.41	1,181.41	-	-	-
Total	33,926.20	7,040.10	-	-	26,886.10

Contractual maturities of financial liabilities as at April 01, 2015	Total Book Value	On demand or within 1 year	Over 1 year Within 3 years	Over 3 year Within 5 years	Over 5 year
Borrowings (refer note 11 & 12)	27,705.19	5,133.87	16,071.19	-	6,500.13
Trade Payables (refer note 15)	437.32	437.32	-	-	-
Other Financial liabilities (refer note 12)	602.72	602.72	-	-	-
Total	28,745.23	6,173.91	16,071.19	-	6,500.13

23.4 Capital management

For the purposes of the company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the company's capital management is to maximize shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The company monitors capital using gearing ratio, which is net debt (total debt less cash and cash equivalents) divided by total capital plus net debt.

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Total Borrowings (refer note 11 and 12)	34,166.02	32,498.32	27,705.19
Less: Cash and bank balance (refer note 8)	34.60	99.56	45.15
Net Debt (A)	34,131.42	32,398.76	27,660.04
Total Equity (B)	10,128.00	10,128.00	10,128.00
Total Equity and Net Debt (C = A + B)	44,259.42	42,526.76	37,788.04
Gearing ratio	77.12%	76.18%	73.20%

Adani Vizag Coal Terminal Private Limited

Notes to Financial statements for the year ended March 31, 2017

24 Earnings per share

	March 31, 2017	March 31, 2016
	₹ in Lacs	₹ in Lacs
(Loss) for the year	(4,022.70)	(6,466.85)
Weighted average number of equity shares	1,012.80	1,012.80
Basic and Diluted earning per share (in ₹)	(3.97)	(6.39)

25 Other commitment

Particulars	₹ in Lacs	
	March 31, 2017	March 31, 2016
The Company has imported capital goods under the Export Promotion Capital Goods Scheme of the Government of India at concessional rate of custom duty by undertaking obligation to export. Future outstanding export obligation under the scheme is pending of ₹ 13,311.10 Lacs (Previous Year ₹ 13,311.10 Lacs) which is equivalent to 95% of 6 times of duty saved ₹ 2,335.28 Lacs (Previous Year ₹ 2,335.28 Lacs). The export obligation has to be completed by 2019-20.	2,335.28	2,335.28

26 Contingent liabilities not provided for

Sr.No	Particulars	₹ in Lacs	
		March 31, 2017	March 31, 2016
a	Statutory claim against company not acknowledged as debt	46.27	46.27

27 Segment information

The Company is primarily engaged in the business segment, namely developing, operating and maintaining the port services as determined by chief operational decision maker, in accordance with Ind AS 108 "Operating Segment". There being no business outside India, the entire business has been considered as single geographic segment.

Considering the inter relationship of various activities of the business, the chief operational decision maker monitors the operating results of its business segment on overall basis. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

28 Disclosures as required by Ind AS - 19 Employee Benefits

The Company has a defined gratuity plan which is unfunded. Under the plan every employee who has completed at least five year of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarise the component of the net benefits expense recognised in the statement of profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plan.

Gratuity

a) Changes in present value of the defined benefit obligation are as follows:

Particulars	₹ in Lacs	
	March 31, 2017	March 31, 2016
Present value of the defined benefit obligation at the beginning of the year	5.28	2.29
Current service cost	0.34	3.12
Interest cost	0.42	0.18
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	(0.20)	0.50
- experience variance	(3.14)	(0.63)
Benefits paid	(0.13)	(0.18)
Acquisition Adjustment	(2.09)	-
Present value of the defined benefit obligation at the end of the year	0.48	5.28

b) Net asset/(liability) recognised in the balance sheet

Contribution to	₹ in Lacs	
	March 31, 2017	March 31, 2016
Present value of the defined benefit obligation at the end of the year	0.48	5.28
Fair value of plan assets at the end of the year	-	-
Amount recognised in the balance sheet	0.48	5.28
Net (liability)/asset - Current	-	0.01
Net (liability)/asset - Non-current	0.48	5.27

c) Expense recognised in the statement of profit and loss for the year

Particulars	₹ in Lacs	
	March 31, 2017	March 31, 2016
Current service cost	0.34	3.12
Interest cost on benefit obligation	0.42	0.18
Total Expenses included in employee benefits expense	0.76	3.30

d) Recognised in the other comprehensive income for the year

Particulars	₹ in Lacs	
	March 31, 2017	March 31, 2016
Actuarial (gain)/losses arising from		
- change in financial assumptions	(0.20)	0.50
- experience variance	(3.14)	(0.63)
Return on plan assets, excluding amount recognised in net interest expense	-	-
Recognised in comprehensive income	(3.34)	(0.13)

e) Maturity profile of Defined Benefit Obligation

Particulars	₹ in Lacs	
	March 31, 2017	March 31, 2016
Weighted average duration (based on discounted cash flows)	21 Years	21 Years

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

f) Expected Cash Flows over the next (valued on undiscounted basis)

₹ in Lacs

Particulars	₹ in Lacs	
	March 31, 2017	March 31, 2016
1 year	0.00	0.01
2 to 5 year	0.02	0.20
6 to 10 year	0.05	0.66
More than 10 years	2.62	25.36

g) Quantitative sensitivity analysis for significant assumption is as below

Increase/(decrease) on present value of defined benefits obligation at the end of the year

Particulars	March 31, 2017		March 31, 2016	
	Discount rate			
Sensitivity level	1 % Increase	1 % Decrease	1% Increase	1% Decrease
Impact on defined benefit obligations	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
	(0.09)	0.11	(0.86)	1.06

Particulars	March 31, 2017		March 31, 2016	
	Salary Growth rate			
Sensitivity level	1 % Increase	1% Decrease	1% Increase	1% Decrease
Impact on defined benefit obligations	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
	0.11	(0.09)	1.04	(0.86)

Particulars	March 31, 2017		March 31, 2016	
	Attrition rate			
Sensitivity level	50 % Increase	50 % Decrease	50% Increase	50 % Decrease
Impact on defined benefit obligations	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
	(0.05)	0.05	(0.65)	0.72

Particulars	March 31, 2017		March 31, 2016	
	Mortality rate			
Sensitivity level	10 % Increase	10% Decrease	10 % Increase	10% Decrease
Impact on defined benefit obligations	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
	-	-	-	-

Sensitivity Analysis Method

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

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

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate	7.60%	7.90%	7.96%
Rate of escalation in salary (per annum)	7.00%	9.00%	8.50%
Mortality	India Assured Live Mortality (2006-08)	India Assured Live Mortality (2006-08)	India Assured Live Mortality (2006-08)
Attrition rate	1% to 10%	1% to 10%	1% to 10%

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.

29 Based on the information and supplier's profile available with the Company as at March 31, 2017 the management believes that no creditor is covered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosure, if any, relating to amount unpaid as at the period end together with the interest paid / payable, as required under the said Act is not applicable

30 Derivative instruments and unhedged foreign currency exposure

The Company takes various types of derivative instruments. The category-wise outstanding position of derivative instruments is as under:

Nature	Particulars of derivatives		Purpose
	March 31, 2017	March 31, 2016	
Options	EURO 6.45 million	EURO 6.45 million	Hedging of foreign currency liability of EURO 6.45 Million

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

Nature	As at March 31, 2017		As at March 31, 2016	
	Amount ₹ in Lacs	Foreign Currency In EURO	Amount ₹ in Lacs	Foreign Currency In EURO
Bills under letter of credit	687.73	9,92,500.00	748.30	9,92,500.00
Interest accrued but not due	12.64	18,240.25	3.07	4,067.00

Closing rates as at March 31, 2017:

INR / EURO = 69.29250

Closing rates as at March 31, 2016:

INR / EURO = 75.3950

Adani Vizag Coal Terminal Private Limited

Notes to Financial statements for the year ended March 31, 2017

31 Disclosure on specified bank note

As per the amendment to Schedule III of the Companies Act, 2013 by MCA notification G.S.R 308(E) dated 30th March 2017, every company is required to disclose the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016. Since the company did not hold or transact in cash during the entire year, the said disclosure is not applicable.

32 Going Concern

The Company has incurred net loss of ₹ 4,020.51 lacs during the year ended March 31, 2017, (incurred loss of ₹ 6,466.72 lacs during year ended March 31, 2016) and has accumulated losses of ₹ 11,983.84 lacs as at March 31, 2017, whereby Company's net worth has become negative. The Company is not operating the port temporarily since January 2016 due to various operational bottlenecks and unviability of operating the port terminal in the given circumstances. The Company's management has made representation to Visakhapatnam Port Trust (VPT) and Ministry of Shipping highlighting the various operational issues in operating the Port terminal and seeking support to provide various concessions in terms of Concession Agreement dated August 01, 2011 so as to achieve future operational viability. Further, the Company represents that current situation doesn't lead to any material uncertainty considering that Company has entered into 30 years concession agreement with VPT and presently this being third year of the Company's operations. The Company expects to have early resolution to operational issues at Port terminal whereby long term sustainability of the operations is achievable with adequate cash flows. 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 results have been prepared on a 'going concern' basis.

33 Compliance of Concession Agreement

In view of the operation not continuing temporarily in temporary discontinuance of the Port terminal operations by the Company since January 2016, it the company has assessed its contractual obligations under various clauses of the Concession agreement entered with Vizag Port Trust (VPT) dated August 01, 2011. The management represents that as on date of reporting, it is in compliance of various conditions under the Concession agreement although it has made representation to VPT authorities highlighting the various operational issues in running the Port terminal assets and has sought support to provide various concessions to the Company in terms of Concession Agreement so as to achieve future operational viability. Pending outcome of the representations made to VPT, including representations made in the previous year seeking support to allow Company to pay storage charges beyond free period, as a revenue share, under the Concession agreement at significantly lower tariff instead of based on VPT tariff rates. Pending outcome of the Company's representation to the VPT authorities and possible future strategy of the Company's management to operate the Port terminal assets, no adjustments has made in the financial statements.

34 Impairment of Property, Plant and Equipment

Due to operational issues at Port terminal and losses in the Company, the management is continuously reassessing its future strategy and commercial viability by assessing the recoverable amount of Port terminal assets of ₹ 31,050.46 lacs under Indian Accounting Standard (Ind-AS) 38, Impairment of Assets on the basis of the Value in Use of such assets by estimating the future cash flows over the balance concession period. For estimating Port Terminal assets Value in Use to project future cash flow, the management has made certain key assumptions relating per tonne realisation and cost of handling cargo, cargo volume, inflation, terminal value, etc. which are considered reasonable by the management.

In view of the valuation assessment carried out by the management, the Company has concluded that the Recoverable Amounts of the Port terminal assets are higher than carrying value as at March 31, 2017. However, if these estimates and assumptions change in future, there could be a corresponding impact on the Recoverable Amounts of the Port terminal assets.

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Adani Vizag Coal Terminal Private Limited

Notes to the financials Statements for the year ended March 31 , 2017

Note 35- Related Parties transactions

Particulars	Name of Company
Ultimate holding company	Adani Enterprises Limited (upto March 31, 2015)
Holding Company	Adani Ports and Special Economic Zone Ltd Karnavati Aviation Private Limited The Dhamra Port Company Limited Adani Logistics Limited Adani Hazira Port Pvt Ltd Adani Petronet (Dahej) Port Private Limited Adani Murmugao Port Terminal Pvt Ltd Adani Ennore Container Terminal Private Limited Adani Enterprises Limited (w.e.f April 1, 2015) Parampujya Solar Energy Private Limited
Fellow Subsidiary	
Entities over which major shareholders of holding company are able to exercise Significant Influence through voting power	
Key Management Personnel	Mr. Ennarasu Karunesan, Managing Director (w.e.f. May 12, 2017) Mr. G. J. Rao, Managing Director (till May 11, 2017) Mr. G. J. Rao, Director (w.e.f. May 13, 2014) Mr. Jay H. Shah, Non-Executive Director (w.e.f. March 31, 2015) Mr. Ravi Bhamidipaty, Director (w.e.f. April 15, 2011) Dr. Chitra Bhatnagar, Non-Executive Director (w.e.f. March 31, 2015)

Terms and conditions of transactions with related parties

Outstanding balances of related parties at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes:

(i) The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions are entered into by the Company with the related parties during the existence of the related party relationship.

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

Transactions	Name of Related Party	March 31, 2017	March 31, 2016
Sale of scrap and capital inventory	Adani Ennore Container Terminal Private Limited The Dhamra Port Company Limited Adani Petronet (Daboj) Port Private Limited	18.11 26.06 2.19	1.64 -
Rendering of service	Adani Logistics Limited	-	1,482.60
Services availed (Including reimbursement of expenses)	Adani Ports and Special Economic Zone Ltd Karnavati Aviation Private Limited	1.74 -	- 81.38
Interest Expenses	Adani Ports and Special Economic Zone Ltd	92.84	2,109.69
Sale of Asset	The Dhamra Port Company Limited	826.89	-
Sitting Fees	Mr. Jay H. Shah Dr. Chitra Bhatnagar	0.74 0.93	-
Inter Corporate deposit (taken)	Adani Ports and Special Economic Zone Ltd	2,181.96	20,424.60
Inter Corporate deposit (repaid)	Adani Ports and Special Economic Zone Ltd	(60.00)	886.00

Closing Balance	March 31, 2017	March 31, 2016	April 01, 2015
Inter Corporate deposit	29,008.06	26,886.10	7,347.50
Other financial liabilities	83.55	1,042.02	29.09
Trade Payable	-	2.95	1.95
	2.94	-	-
	-	0.43	-
	8.01	-	-
	0.51	-	-
	11.46	3.38	1.95
Non Trade Receivable	The Dhamra Port Company Limited	896.76	-
	Adani Ennore Container Terminal Private Limited	20.53	-
	917.29	-	-
Trade Receivable	Adani Enterprises Limited	-	34.55
	Adani Logistics Limited	214.57	103.72
	-	214.57	138.27

Notes:

- (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 taken letter of credit of ` 5,157.96 lacs (previous year ` 5,167.76 lacs) and Bank Guarantee of ` 2,346.00 lacs (previous year ` 2,399.00 lacs) out of limit available with the parent company. Similarly, Mr Ennarasu Karunesan is in employment with the parent Company, Adani Ports and Special Economic Zone Ltd and he has not taken remuneration from the Company.

Adani Vizag Coal Terminal Private Limited

Explanatory Notes to Financials statements for the year ended March 31, 2017

36 Explanatory Notes

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its annual financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. These notes explain the principal adjustments made by the Company in restating its Indian GAAP financial statements, the Company's date of transition to Ind AS and financial statements as at and for the year ended March 31, 2016.

36.1 Exemptions availed on the first time adoption of Ind AS 101

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following Ind AS 101 exemptions from the transition date i.e. April 01, 2015 :

- (a) The Company has elected to avail exemption under Ind AS 101 to use India GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.
- (b) The Company has elected to avail exemption under Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding and recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.
- (c) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.
- (d) Estimates :
The estimates at April 01, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:
 - > FVTOCI – unquoted equity shares
 - > Impairment of financial assets based on the risk exposure and application of ECL modelThe estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015, the date of transition to Ind AS and as of March 31, 2016.
- (e) Fair value measurement of financial assets or liabilities
The Company has applied provision of Ind AS 109 for financial assets or liabilities measured at fair value prospectively to transactions occurring on or after date of transition to Ind AS.

- 36.2 The Company's management had previously issued its audited financial results for the year ended March 31, 2016 on April 25, 2016, that were all prepared in accordance with the recognition and measurement principles of the Companies (Accounting Standards) Rules, 2006 prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and other accounting principles generally accepted in India ('Previous GAAP'). The Company's management has now prepared the Ind AS Financial Statements for the year ended March 31, 2017 in accordance with the recognition and measurement principles laid down by the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Para 7 of the Companies (Accounts) Rule, 2015 as amended and other accounting principles generally accepted in India.

The Company has prepared a reconciliation of the amounts of net profit as reported under the Previous GAAP to those computed as per Ind AS and the same is given in note no. 36.3 and 36.4.1 below. The Company has also prepared a reconciliation of the amounts of total equity as reported under the Previous GAAP to those computed as per Ind AS and the same is given in note no. 36.3 and 36.4.2 below.

36.3 Reconciliation of equity as at April 01, 2015 and March 31, 2016

	Foot- notes	March 31, 2016 (Last period presented under IGAAP)			April 01, 2015 (Date of transition)		
		IGAAP	Adjustments	Ind AS	IGAAP	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	(a)	33,682.53	(33,507.58)	174.95	35,162.41	(34,953.45)	208.96
Other Intangible assets	(a,d)	49.16	34,529.53	34,578.69	57.92	36,051.10	36,109.02
Other financial assets	(b)	352.64	(306.45)	46.19	414.17	(390.63)	23.54
Other non-current assets	(b)	-	286.07	286.07	392.51	(17.34)	375.17
		34,084.33	1,001.57	35,085.90	36,027.01	689.68	36,716.69
Current assets							
Inventories		188.45	-	188.45	175.84	-	175.84
Financial assets							
Trade receivables		231.07	-	231.07	351.23	-	351.23
Cash and Cash Equivalents		99.56	-	99.56	45.15	-	45.15
Others current financial assets	(b)	1,770.28	(1,751.43)	18.85	1,573.10	(1,422.37)	150.73
Other current assets	(b)	-	1,751.43	1,751.43	167.13	1,388.48	1,555.61
		2,289.36	-	2,289.36	2,312.45	(33.89)	2,278.56
Total Assets		36,373.69	1,001.57	37,375.26	38,339.46	655.79	38,995.25
EQUITY AND LIABILITIES							
EQUITY							
Equity share capital		10,128.00	-	10,128.00	10,128.00	-	10,128.00
Other equity							
Retained earnings	refer note 36.4.2	(7,950.00)	(13.33)	(7,963.33)	(2,035.26)	538.65	(1,496.61)
Total Equity		2,178.00	(13.33)	2,164.67	8,092.74	538.65	8,631.39
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings	(b)	26,886.10	-	26,886.10	23,811.20	(1,239.88)	22,571.32
Net employee defined benefit liabilities		5.27	-	5.27	2.29	-	2.29
Deferred tax liabilities (net)	(e)	208.06	(7.06)	201.00	-	293.26	293.26
Other non-current liabilities	(b)	-	946.28	946.28	-	1,021.96	1,021.96
		27,099.43	939.22	28,038.65	23,813.49	75.34	23,888.83
Current liabilities							
Financial liabilities							
Trade payables		246.47	-	246.47	437.32	-	437.32
Other current financial liabilities	(b)	-	6,793.63	6,793.63	5,770.47	(33.88)	5,736.59
Other current liabilities	(b)	6,836.52	(6,717.95)	118.57	219.52	75.68	295.20
Net employee defined benefit liabilities		13.27	-	13.27	5.92	-	5.92
		7,096.26	75.68	7,171.94	6,433.23	41.80	6,475.03
Total liabilities		34,195.69	1,014.90	35,210.59	30,246.72	117.14	30,363.86
Total Equity and Liabilities		36,373.69	1,001.57	37,375.26	38,339.46	655.79	38,995.25

Reconciliation of Statement of Profit and Loss for year ended March 31, 2016

	Foot-note	in Lacs		
		IGAAP	Adjustments	Ind AS
INCOME				
Rendering of services		1,782.57	-	1,782.57
Other income	(b,d)	24.67	77.80	102.47
Total Income		1,807.24	77.80	1,885.04
EXPENSES				
Operating expenses		865.69	-	865.69
Terminal Royalty		776.85	-	776.85
Employee benefits expense	(c)	222.59	0.13	222.72
Depreciation and amortization expense	(d)	2,216.56	75.68	2,292.24
Finance costs	(b)	2,922.27	854.41	3,776.68
Other expenses		509.97	-	509.97
Total Expense		7,513.93	930.22	8,444.15
Profit/(loss) before tax		(5,706.69)	(852.42)	(6,559.11)
Tax expense:				
Deferred Tax	(e)	208.05	(300.31)	(92.26)
Income tax expenses		208.05	(300.31)	(92.26)
Profit/(Loss) for the year		(5,914.74)	(552.11)	(6,466.85)
Other Comprehensive Income				
(a) Items that will not be reclassified to profit and loss in subsequent period				
Re-measurement gains (losses) on defined benefit plans	(c,f)	-	0.13	0.13
Other Comprehensive Income for the year		-	0.13	0.13
Total Comprehensive Income for the year		(5,914.74)	(551.98)	(6,466.72)

36.4 Reconciliation of total comprehensive income between previously reported (referred to as "Previous GAAP") and Ind AS for the year ended March 31, 2016 is presented as under :-

36.4.1 Reconciliation of total comprehensive income:-

Sr No	Nature of Adjustments	Year Ended March 31, 2016 in Lacs
	Net Profit as per previous GAAP	(5,914.74)
i)	Remeasurement cost of net defined benefit liability (refer note (c) below)	(0.13)
ii)	Net gain/(loss) on financial assets / liabilities fair valued through statement of profit and loss (refer note (b) below)	(852.29)
iii)	Measurement of Grant as Deferred Income (refer note (d) below)	75.68
iv)	Depreciation on EPCG benefit (refer note (d) below)	(75.68)
v)	Deferred tax impact on above adjustments (refer note (e) below)	300.31
	Total	(552.11)
	Net profit before OCI as per Ind AS	(6,466.85)
	Other comprehensive Income (net of tax) (refer note (f) below)	0.13
	Total comprehensive income as per Ind AS	(6,466.72)

36.4.2 Reconciliation of equity:-

Sr No	Nature of Adjustments	As at March 31, 2016 in Lacs	As at April 01, 2015 in Lacs
	Equity as per Previous GAAP	2,178.00	8,092.74
	Fair Valuation of ICD (refer note (b) below)	-	548.76
	Fair Valuation of financial assets / liabilities (refer note (b) below)	(13.33)	(10.11)
	Measurement of Grant as Deferred Income (refer note (d) below)	(1,021.96)	(1,097.63)
	Depreciation on Government Grant (refer note (d) below)	1,021.96	1,097.63
	Total adjustments	(13.33)	538.65
	Equity as per Ind AS	2,164.67	8,631.39

Explanatory Notes to the transition from previous GAAP to Ind AS :

(a) Port concession rights arising from Service Concession/Sub-Concession Arrangements:

The Company recognises port concession rights as "Intangible Assets" arising from a service concession arrangement, in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interest in the infrastructure such as property, plant and equipment, if the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the Company as part of the service concession arrangement. Such an intangible asset is recognised by the Company at cost (which is the fair value of the consideration received or receivable for the construction service delivered) and is capitalised when the project is complete in all respects and the Company receives the completion certificate from the authorities as specified in the concession agreement.

Port concession rights include certain property, plant and equipment which are reclassified as intangible assets in accordance with Appendix A of Ind AS 11 'Service Concession Arrangements'. These assets are amortised based on the lower of their useful lives or concession period.

Gains or losses arising from de-recognition of port concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

(b) Classification and fair value measurement of Financial Assets and Financial Liabilities: The Company has assessed the classification and fair valuation impact of financial assets and liabilities under Ind AS 32 / Ind AS 109 on the basis of the facts and circumstances at the transition date. Impact of fair value changes as on date of transition, is recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss Account or Other Comprehensive Income, as the case may be.

Borrowings (part of Financial Liabilities) - Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability measured at amortised cost and charged to Statement of Profit and Loss using the Effective Interest Rate (EIR) method.

(c) Remeasurement cost of net defined liability : Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

(d) Measurement of Government Grant as Deferred Income : The government grant related to Property, plant & equipment was netted off with the cost under the previous GAAP. The government grant is added in Property, plant & equipment as per IND AS & accounted as deferred income under Ind-AS.

(e) Deferred Tax : Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

(f) Other comprehensive income : Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP statement of Profit or Loss is reconciled to total comprehensive income as per Ind AS.

(g) Statement of cash flows: The transition from Indian GAAP to Ind AS does not have material impact on the statement of cash flows.

Adani Vizag Coal Terminal Private Limited

Notes to Financials statements for the year ended March 31, 2017

37 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

Amendments to Ind AS 7, Statement of Cash Flows: The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after April 01, 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

This amendment does not have material impact on Company's financial statements. The Company will adopt this amendment from their applicability date.

38 Events occurring after the Balance sheet Date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of May 12, 2017, there were no subsequent events to be recognized or reported that are not already disclosed.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

For and on behalf of Board of Directors of
Adani Vizag Coal Terminal Private Limited

per Arpit K. Patel
Partner
Membership No. 34032

Ennarasu Karunesan
Managing Director
DIN :00200432

B.Ravi
Director
DIN: 00160891

Dipti Shah
Company Secretary

Satyaprakash Mishra
Chief Financial Officer

Place: Ahmedabad
Date: May 12, 2017

Place: Ahmedabad
Date: May 12, 2017