

**INDEPENDENT AUDITOR'S REPORT
To The Members of Adani Kattupalli Port Private Limited
Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Adani Kattupalli Port Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS 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, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, 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.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS 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 the 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 obtained by us 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 aforesaid 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable 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 purposes 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, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) 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, as amended, 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.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Kartikeya Raval
(Partner)
(Membership No. 106189)

Place: Ahmedabad
Date: May 02, 2018

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Report on the Internal Financial Controls Over Financial Reporting 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 Kattupalli Port Private Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS 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 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Company's 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, to the best of our information and according to the explanations given to us, 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 31st March, 2018, based on the criteria for internal financial control over financial reporting 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 Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Kartikeya Raval
(Partner)
(Membership No. 106189)

Place: Ahmedabad
Date: May 02, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of paragraph 3 of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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.
- (iv) The Company has not granted any loans and provided guarantees under Section 185 of the Companies Act, 2013. Further, based on the information and explanations given to us, the Company has complied with the provisions of Sections 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended, would apply. Accordingly, clause (v) of paragraph 3 of the Order is not applicable to the Company.
- (vi) To the best of our knowledge and according to the information and explanations given to us, the Company is not required to maintain cost records pursuant to Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, cess, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Customs Duty, cess, Goods and Service Tax and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable, other than shortfall in advance tax instalments falling due on 15th June, 2017 and 15th September, 2017 (Assessment year 2018-19) aggregating to Rs 783.88 lakhs.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on 31st March, 2018 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, as at the reporting date, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures and has not taken any loans or borrowings from the government or financial institutions.
- (ix) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet, monies raised by way of term loans has been applied by the Company during the year for the purpose for which they were raised, other than temporary deployment, if any, pending application of proceeds. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the Company has not paid any managerial remuneration during the year and hence reporting under clause (xi) of paragraph 3 of the Order is not applicable and hence not commented upon.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of paragraph 3 of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Kartikeya Raval
(Partner)
(Membership No. 106189)

Place: Ahmedabad
Date: May 02, 2018

Adani Kattupalli Port Private Limited
Balance Sheet as at March 31, 2018

₹ in Lacs

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
Assets			
Non-Current Assets			
Property, Plant and Equipment	3(a)	140.01	0.97
Capital Work-in-Progress	3(c)	1,628.10	31.11
Intangible Assets	3(b)	22.05	25.24
Other Non-Current Assets	6	174.95	125.15
Deferred tax assets (net)	20(d)	1,626.56	-
Total Non-current Assets		3,591.67	182.47
Current Assets			
Inventories	7	63.73	38.06
Financial Assets			
(i) Trade Receivables	4	3,475.95	2,074.09
(ii) Cash and Cash Equivalents	8	411.42	391.91
(iii) Other Financial Assets	5	1,82,565.94	1,39,615.33
Other Current Assets	6	1,850.85	7,963.90
Total Current Assets		1,88,367.89	1,50,083.29
Total Assets		1,91,959.56	1,50,265.76
Equity and Liabilities			
Equity			
Equity Share Capital	9	5.00	5.00
Other Equity	10	1,45,802.47	1,37,021.73
Total Equity		1,45,807.47	1,37,026.73
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	11	-	10,420.16
Other Liabilities	13	94.80	-
Total Non-current Liabilities		94.80	10,420.16
Current Liabilities			
Financial Liabilities			
(i) Trade Payables	14	937.98	2,045.60
(ii) Other Financial Liabilities	12	42,170.51	458.47
Other Current Liabilities	13	1,206.41	314.80
Liabilities for current tax (net)	20(b)	1,742.39	-
Total Current Liabilities		46,057.29	2,818.87
Total Liabilities		46,152.09	13,239.03
Total Equity and Liabilities		1,91,959.56	1,50,265.76

The accompanying notes are an integral part of the financial statements

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Kartikeya Raval
Partner

G. J. Rao
Director
DIN : 01724002

Sandeep Mehta
Director
DIN : 00897409

Place: Ahmedabad
Date: May 02, 2018

Place: Ahmedabad
Date: May 02, 2018

Adani Kattupalli Port Private Limited
Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Notes	₹ in Lacs	
		For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from Operations	15	16,496.54	15,044.10
Other Income	16	6,368.76	4,285.46
Total Income		22,865.30	19,329.56
Expenses			
Operating Expenses	17	4,081.53	4,580.08
Port Management Fees to Lessor		6,197.91	14,235.16
Depreciation and Amortization Expense	3	11.79	0.13
Finance Costs	18	1,445.92	460.70
Other Expenses	19	2,032.33	1,664.49
Total Expense		13,769.48	20,940.56
Profit / (Loss) Before Tax		9,095.82	(1,611.00)
Tax expense:			
Current Tax	20(a)	1,941.64	-
Deferred Tax		-	-
Less: MAT credit entitlement		(1,626.56)	-
		315.08	-
Profit / (Loss) for the year		8,780.74	(1,611.00)
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year (net of tax)		8,780.74	(1,611.00)
Earnings per Share - (Face value of ₹ 10 each)			
Basic and Diluted (in ₹)	22	17,561.48	(3,222.00)

The accompanying notes are an integral part of the financial statements

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Kartikeya Raval
Partner

G. J. Rao
Director
DIN : 01724002

Sandeep Mehta
Director
DIN : 00897409

Place: Ahmedabad
Date: May 02, 2018

Place: Ahmedabad
Date: May 02, 2018

Adani Kattupalli Port Private Limited
Statement of Changes in Equity for the year ended March 31, 2018

₹ in Lacs

Particulars	Equity Share Capital	Equity Component of Perpetual Debt	Reserves and Surplus Retained Earning	Total
Balance as on April 01, 2016	5.00	-	(6,367.27)	(6,362.27)
(Loss) for the year	-	-	(1,611.00)	(1,611.00)
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	(1,611.00)	(1,611.00)
Proceeds from perpetual debt	-	1,45,000.00	-	1,45,000.00
Balance as on March 31, 2017	5.00	1,45,000.00	(7,978.27)	1,37,026.73
Profit for the year	-	-	8,780.74	8,780.74
Other Comprehensive Income for the year	-	-	-	-
Total Comprehensive Income for the year	-	-	8,780.74	8,780.74
Balance as on March 31, 2018	5.00	1,45,000.00	802.47	1,45,807.47

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Kartikeya Raval
Partner

G. J. Rao
Director
DIN : 01724002

Sandeep Mehta
Director
DIN : 00897409

Place: Ahmedabad
Date: May 02, 2018

Place: Ahmedabad
Date: May 02, 2018

Adani Kattupalli Port Private Limited
Statement of Cash Flows for the year ended March 31, 2018

₹ in Lacs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(A) Cash flows from operating activities		
Profit before tax	9,095.82	(1,611.00)
Adjustments for:		
Depreciation and amortisation expense	11.79	0.13
Interest income (Including change in fair valuation)	(6,305.92)	(4,260.23)
Net (gain) on sale of current investments	(58.53)	(22.16)
Interest expense	1,445.92	458.95
Unrealised foreign exchange fluctuation (Gain)	(2.16)	-
Amortisation of Port Management Fee	6,197.91	4,366.07
Provision for doubtful advances (net)	-	(4.10)
Operating profit / (loss) before working capital changes	10,384.83	(1,072.34)
Adjustments for :		
(Increase) in Trade Receivables	(1,401.86)	(1,213.06)
(Increase) in Inventories	(25.67)	(38.06)
Decrease / (Increase) in Financial Assets	855.31	(921.25)
(Increase) / Decrease in Other Assets	(84.86)	1,674.73
(Decrease) in Trade Payables	(1,107.62)	(27.07)
Increase / (Decrease) in Other Liabilities	891.61	(205.89)
Increase in Financial Liabilities	20.53	16.00
Cash Generated from Operations	9,532.27	(1,786.93)
Direct Taxes Paid	(249.05)	(105.45)
Net cash generated from / (used in) operating activities	A	(1,892.38)
(B) Cash flows from investing activities		
Purchase of property plant and equipment (Including capital work in progress and capital creditors)	1,463.85	(38.54)
Interest received	-	2.17
Sale of investment in mutual fund (net) (refer note (2))	58.53	22.16
Deposit given for acquisition of business	(37,500.00)	(1,45,000.00)
Net cash used in investing activities	B	(1,45,014.21)
(C) Cash flows from financing activities		
Proceeds from borrowing	38,393.71	13,525.00
Repayment of borrowings	(11,120.00)	(12,194.84)
Proceeds from perpetual debt	-	1,45,000.00
Interest paid	(559.80)	(351.05)
Net cash generated from Financing Activities	C	1,45,979.11
Net Increase / (Decrease) in Cash & Cash Equivalents	(A+B+C)	(927.48)
Cash and Cash Equivalents at the Beginning of the Year (Refer note 8)	391.91	1,319.39
Cash and cash equivalents at the end of the year (Refer note 8)	411.42	391.91
Component of Cash and Cash equivalents		
Balances with scheduled bank		
On current accounts	411.42	391.91
Cash and Cash Equivalents at the end of the year	411.42	391.91

(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).

(2) Purchase of investment in mutual fund of ₹ 18,760.00 lacs (previous year ₹ 4,300 lacs) and sale of investment in mutual fund of ₹ 18,818.53 lacs. (previous year ₹ 4,322.16 lacs)

(3) Disclosure under Para 44A as set out in Ind AS 7 on Statement of Cash Flows under Companies (Indian Accounting Standards) (Amendment) Rules, 2017 is given in note 31)

The accompanying note are an integral part of the financial statements

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Kartikeya Raval
Partner

G. J. Rao **Sandeep Mehta**
Director Director
DIN : 01724002 DIN : 00897409

Place: Ahmedabad
Date: May 02, 2018

Place: Ahmedabad
Date: May 02, 2018

1 Corporate information

Adani Kattupalli Port Private Limited ("the Company or "AKPPL") is a private limited company domiciled in India and is incorporated under the provision of the Companies Act applicable in India. The registered office of the company is located at "Adani House", Mithakali Six Roads, Navrangpura, Ahmedabad - 380009. The Company is wholly owned subsidiary of Adani Ports and Special Economic Zone Limited with an objective to acquire and operate port at Kattupalli, Tamil Nadu.

The Company is operating and maintaining the Kattupalli port as "Port operator" w.e.f November 01, 2015 through an implementation agreement entered between the Company, L&T Shipbuilding Limited (LTSB) and Larsen & Tourbo Limited. Refer Other Commitment note 24.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 02, 2018.

2 Basis of preparation

2.1 These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Financial Statement for the year ended March 31, 2017 were audited by predecessor auditor.

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle; or
 - Expected to be realised within twelve months after the reporting period; or
 - Held primarily for the purpose of trading; 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; or
- 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

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.

- 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.

The company applied for the first time amendment to the standard which are effective for annual periods beginning on or after April 01, 2017. The nature and the impact of the said amendment is described in note 31

d) Property, plant and equipment (PPE)

Property, Plant and Equipment (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 directly and indirectly attributable costs arising directly from the construction/development and borrowing costs if capitalization criteria are met directly attributable cost of bringing the asset / project to its working condition for the intended use.

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 borrowing costs for long-term construction projects if the recognition criteria are met. All other costs are recognized in profit or loss as incurred.

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. 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.

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.

Adani Kattupalli Port Private Limited

Notes to Financial statements for the year ended March 31, 2018

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. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and

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 applications	on straight line basis	5 Years based on management estimates

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 terminal operation services and transportation services mainly includes cargo handling, storage are recognized on proportionate completion method basis based on services completed till reporting date. The amount recognized as a revenue is net of indirect taxes where

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.

Income from SEIS/SFIS

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 'Other Operating Income' and is recognised based on effective rate of incentive under 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 recognised as 'other non-financial assets'

g) Functional currency, foreign currency transactions and balances

The functional currency of NCDI (i.e. the currency of the primary economic environment in which the Company operates) is Indian Rupee. All financial information is presented in Indian Rupee and is rounded off to the nearest lakh.

On initial recognition, all foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. As at the reporting date, foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and the exchange gains or losses are recognised in the Statement of Profit and Loss. Non-monetary assets and liabilities that are carried at historical cost in foreign currency are translated at the exchange rates at the dates of initial transaction. Forward exchange contracts to manage exchange currency exposures are marked to market and resulting gain or loss is recorded in the Statement of Profit and loss. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense in the period in which such cancellation or renewal is made.

h) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long - term investments. Long - term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

i) Borrowing Costs

Borrowing costs are interest and other ancillary costs incurred with the arrangement of Borrowings. Borrowing costs directly attributable to the acquisition, construction or development of an asset / project 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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

j) Segment Reporting

In accordance with the Ind-As 108 -" Operating Segments", the Company has determined its business segment as operating and maintaining the port based terminal infrastructure facilities. Since there are no other business segments in which the Company operates, there are no other primary reportable segments.

k) Related Party Transactions

Disclosure of transactions with Related Parties, as required by Ind-AS 24 "Related Party Disclosures" has been set out in a separate note. Related parties as defined under Ind-AS 24 have been identified on the basis of representations made by key managerial personnel and information available with the Company.

Adani Kattupalli Port Private Limited

Notes to Financial statements for the year ended March 31, 2018

l) 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.

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.

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.

Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m) Earnings per share (EPS)

The Basic EPS has been computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

n) Taxes

Tax expense comprises of current income tax and deferred tax.

i) 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 (including Minimum Alternate Tax (MAT)) 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 recognised 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.

ii) Deferred tax

Deferred tax is provided using the balance sheet 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 an asset or liability in a transaction that 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 affects neither the accounting profit nor taxable profit or loss

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

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.

o) 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, 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.

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

p) Provisions (other than employee benefits), Contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate of the amount can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of the money is material). The increase in the provisions due to passage of time is recognised as interest expense. Provisions are reviewed as at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable. Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

Adani Kattupalli Port Private Limited

Notes to Financial statements for the year ended March 31, 2018

q) Government grants

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants and subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Balance sheet and transferred to profit or loss on systematic and rational basis over the useful lives of the related asset. Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs which they are intended to compensate on a systematic basis. Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

r) 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

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 recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuers are involved for valuation of unquoted financial assets and financial liabilities. Involvement of external valuers is decided upon annually by the management. 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

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 on a yearly basis.

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.

- Disclosures for valuation methods, significant estimates and assumptions (refer note 21)
- Quantitative disclosures of fair value measurement hierarchy (refer note 22)
- Financial instruments (including those carried at amortised cost) (refer note 21)

s) 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 financial instruments at fair value through profit or loss (FVTPL)

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.

This category is the 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. This category generally applies to trade 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.

Adani Kattupalli Port Private Limited

Notes to Financial statements for the year ended March 31, 2018

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

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- > Trade receivables or contract revenue receivables; and

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 since 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.

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, 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.

Subsequent measurement

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

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 statement of 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.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Adani Kattupalli Port Private Limited

Notes to Financial statements for the year ended March 31, 2018

2.3 Significant accounting estimates and assumptions

The preparation of the Company's Ind AS 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 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.

Taxes

Deferred tax (including MAT Credits) 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 judgment 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. Further details on taxes are disclosed in note 20(d).

Fair value measurement of financial instruments

In estimating the fair value of financial assets and financial liabilities, the Company uses market observable data to the extent available. Where such Level 1 inputs are not available, the Company establishes appropriate valuation techniques and inputs to the 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 includes consideration 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. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 22.

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

Note 3 - Property, Plant and Equipment ,Intangible Assets and Capital Work-in-Progress

Note 3(a) - Property, Plant and Equipment

₹ in Lacs

Particulars	Tangible Assets				
	Plant & equipment	Office Equipment	Computer Hardware	Vehicle	Total
Cost					
As at April 1, 2016	-	-	-	-	-
Additions	0.97	-	-	-	0.97
Deductions/Adjustment	-	-	-	-	-
As at March 31, 2017	0.97	-	-	-	0.97
Additions	16.50	77.79	17.77	33.52	145.58
Deductions/Adjustment	-	-	-	-	-
Exchange difference	-	-	-	-	-
As at March 31, 2018	17.47	77.79	17.77	33.52	146.55
Depreciation and Amortisation					
As at April 1, 2016	-	-	-	-	-
Depreciation for the year	-	-	-	-	-
Deductions/(Adjustment)	-	-	-	-	-
As at March 31, 2017	-	-	-	-	-
Depreciation for the year	0.08	2.49	1.86	2.11	6.54
Deductions/(Adjustment)	-	-	-	-	-
As at March 31, 2018	0.08	2.49	1.86	2.11	6.54
Net Block					
As at March 31, 2018	17.39	75.30	15.91	31.41	140.01
As at March 31, 2017	0.97	-	-	-	0.97

Note 3(b) Intangible Assets

(₹ in Lacs)

Particulars	Intangible Assets
	Software
Cost	
As at April 1, 2016	-
Additions	25.37
Deductions/Adjustment	-
Exchange difference	-
As at March 31, 2017	25.37
Additions	2.06
Deductions/Adjustment	-
Exchange difference	-
As at March 31, 2018	27.43
Amortisation	
As at April 1, 2016	-
Amortisation for the year	0.13
Deductions/(Adjustment)	-
As at March 31, 2017	0.13
Amortisation for the year	5.25
Deductions/(Adjustment)	-
As at March 31, 2018	5.38
Net Block	
As at March 31, 2018	22.05
As at March 31, 2017	25.24

Note 3(c) Capital Work-in-Progress

(₹ in Lacs)

Particulars	Amount
As at March 31, 2018	1,628.10
As at March 31, 2017	31.11

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

	March 31, 2018	March 31, 2017
	₹ in Lacs	₹ in Lacs
4 Trade Receivables (Unsecured, unless otherwise stated)		
Current		
Considered Good	3,473.90	2,074.09
Dues from related parties (refer note 24)	2.05	-
Considered Doubtful	4.10	4.10
	3,480.05	2,078.19
Provision for doubtful debts	(4.10)	(4.10)
	3,475.95	2,074.09
Note:		
(i) No Trade or other receivable are due from directors or other officers of the company either separately or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.		
(ii) Trade receivable are non interest bearing and are generally realisable within 7 to 30 days as per terms.		
5 Other Financial assets	March 31, 2018	March 31, 2017
	₹ in Lacs	₹ in Lacs
Current		
Advance (Deposit) against obligation (refer note 23)	1,82,505.00	1,38,694.08
Security Deposit	10.80	-
Insurance claim (refer note 28)	50.14	921.25
	1,82,565.94	1,39,615.33
6 Other Assets	March 31, 2018	March 31, 2017
	₹ in Lacs	₹ in Lacs
Non Current		
Taxes recoverable (net)	174.95	125.15
	174.95	125.15
Current		
Advances recoverable in cash or in kind		
Unsecured, considered good	473.71	98.68
	(A) 473.71	98.68
Others (Unsecured)		
Prepaid Expenses	178.50	6,308.52
Accrued revenue	98.24	116.86
Balances with Government authorities	93.97	932.92
Export Benefits and other receivables	1,006.43	506.92
	(B) 1,377.14	7,865.22
	(A+B) 1,850.85	7,963.90
7 Inventories	March 31, 2018	March 31, 2017
	₹ in Lacs	₹ in Lacs
Stores and spares (valued at lower of cost or net realisable valued)	63.73	38.06
	63.73	38.06
8 Cash and cash equivalents	March 31, 2018	March 31, 2017
	₹ in Lacs	₹ in Lacs
Balances with banks:		
Balance in current account	411.42	391.91
	411.42	391.91

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
9 Equity Share capital		
Authorised		
50,000 Equity Shares of ₹ 10 each (50,000 Equity Shares of ₹ 10 each as at March 31, 2017)	5.00	5.00
	5.00	5.00
Issued, subscribed and fully paid up shares		
50,000 Equity Shares of ₹ 10 each (50,000 Equity Shares of ₹ 10 each as at March 31, 2017)	5.00	5.00
	5.00	5.00

Notes:

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

	March 31, 2018		March 31, 2017	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
As the beginning of the year	50,000	5.00	50,000	5.00
Add : New Shares Issued during the year	-	-	-	-
As the end of the year	50,000	5.00	50,000	5.00

(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

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Adani Ports and Special Economic Zone Limited, the holding company and its nominee		
50,000 equity shares (Previous year 50,000) of ₹ 10 each	5.00	5.00

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

Equity shares of ₹ 10 each fully paid	Particulars	March 31, 2018	March 31, 2017
		No of shares	No of shares
Adani Ports and Special Economic Zone Limited, the holding company and its nominee	No of shares	50,000	50,000
	% Holding	100.00%	100.00%

10 Other Equity

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Retained Earnings		
Balance as per last financial Statement	(7,978.27)	(6,367.27)
Profit / (Loss) for the year.	8,780.74	(1,611.00)
Closing Balance	(A) 802.47	(7,978.27)

Note:- The portion of profits not distributed among the shareholders are termed as retained earnings. The Company may utilize the retained earnings for making investments for future growth and expansion plans, for the purpose of generating higher returns for the shareholders or for any other specific purpose, as approved by the Board of Directors of the Company.

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Equity Component of Perpetual Debt		
As the beginning of the year	1,45,000.00	-
Add: New debentures Issued during the year	-	1,45,000.00
As the end of the year	(B) 1,45,000.00	1,45,000.00
Total Other Equity	(A+B) 1,45,802.47	1,37,021.73

The Company had issued perpetual non convertible debentures amounting to ₹ 1,45,000 to the Holding Company in the previous year. These securities are perpetual in nature with no fixed maturity or redemption period and are callable only at the option of the Company. These securities are issued with coupon of 7.5% but payable at the option of the Company though in case Company decide to declare dividend, the interest will be paid. As these securities are perpetual in nature and the Company does not have any redemption obligation, these are classified as 'equity'.

11 Borrowings

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Long Term Borrowing		
Inter Corporate Deposit (refer Note (a) below & 24) (Unsecured)	37,360.16	10,420.16
Bills under foreign currency letter of credits from banks (Unsecured) (refer note (b))	333.58	-
	37,693.74	10,420.16
Less: Current maturities of long term borrowings classified under "other current financial liabilities" (refer note 12)	(37,693.74)	-
Net current borrowing	-	-
The above amount includes		
Secured borrowings	-	-
Unsecured borrowings	37,693.74	10,420.16
Total borrowings	37,693.74	10,420.16

Note:

(a) The Inter Corporate Deposits taken from Adani Ports and Special Economic Zone Limited are interest bearing @ 6.25% per annum. The amounts are repayable in FY 2018-19.

(b) Suppliers bills accepted under foreign currency letter of credit amounting to ₹ 333.58 lacs (previous year Nil). Suppliers bills accepted under foreign currency letter of credit carries Nil interest and is repayable by April 19, 2018. This facility is availed out of the facility sanctioned to Adani Ports and Special Economic Zone Limited , the Holding Company.

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
12 Other financial liabilities		
Current		
Current maturities of long term borrowings (refer note 11)	37,693.74	-
Interest accrued but not due on borrowings (refer note 24)	1,299.18	413.06
Deposits from customers	45.00	26.50
Capital creditors, retention money and other payable	3,132.59	18.91
	42,170.51	458.47
13 Other Liabilities		
Non Current		
Deferred Government Grant	94.80	-
	94.80	-
Current		
Statutory liability	125.88	182.84
Advance from customers	1,080.53	131.96
	1,206.41	314.80
Note :-		
(i) Movement in Government Grant		
Opening Balance	-	-
Add :Addition during the year	94.80	-
Less: Amortisation during the year	-	-
Closing Balance	94.80	-
Non Current	94.80	-
Current	-	-
	94.80	-
14 Trade payables		
Trade payables	884.97	2,045.60
Dues to related parties	53.01	-
Payables to micro, small and medium enterprises (Refer note 30)	-	-
	937.98	2,045.60

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

	For the year ended March 31, 2018	For the year ended March 31, 2017
	₹ in Lacs	₹ in Lacs
15 Revenue from Operations		
Income from Port Terminal Operations	15,997.03	14,537.18
Other Operating Income	499.51	506.92
	16,496.54	15,044.10
16 Other Income		
Interest		
Bank deposits	-	2.16
Deposit (including amortisation)	6,305.92	4,258.07
Scrap Sale	2.15	3.07
Profit on sale of Mutual Fund	58.53	22.16
Gain on Foreign Exchange Variation	2.16	-
Total Other income	6,368.76	4,285.46
17 Operating Expenses		
Cargo handling /Other charges to sub-contractors	2,204.42	1,940.11
Customer Claims	4.80	-
Tug and Pilotage Charges	209.69	569.19
Maintenance Dredging	-	550.18
Other expenses including customs establishment charges	8.48	12.68
Repairs to Plant and Machinery	167.91	354.67
Power and Fuel cost	1,410.39	1,082.84
Cost of Land Leased / Sub-Leased	23.86	-
Aircraft Operating Expenses	51.98	70.41
	4,081.53	4,580.08
18 Finance Costs		
Interest on		
Inter Corporate Deposit	1,443.54	458.95
Others	2.16	-
Bank and other finance charges	0.22	1.75
	1,445.92	460.70
19 Other Expenses		
Rent	0.38	22.92
Rates and Taxes	-	0.69
Insurance	350.25	379.64
Other Repairs and Maintenance	13.36	33.38
Legal and Professional Expenses	117.01	78.69
Payment to Auditors (refer note 1 below)	8.19	5.11
Security Expenses	-	75.15
Communication Expenses	80.26	50.48
Travelling and Conveyance	276.17	140.74
Directors Sitting Fee	0.93	0.78
Charity & Donations	-	0.70
Provision for Doubtful debts	-	4.10
Manpower charges to contractors	962.70	765.85
Miscellaneous Expenses	223.08	106.26
	2,032.33	1,664.49
Note: 1		
Payment to Auditor		
As Auditor:		
Audit fee	5.50	3.00
Limited review	2.00	2.00
Reimbursement of expenses	0.69	0.11
	8.19	5.11

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

20 Income Tax

The major component of income tax expenses for the year ended March 31, 2018 and March 31, 2017 are as under

a) Profit and Loss Section	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
	₹ in Lacs	₹ in Lacs
Current Income Tax		
Current income tax charge	1,941.64	-
Mat Credit Entitlement	(1,626.56)	-
Deferred Tax	-	-
Tax Expense reported in the Statement of Profit and Loss	315.08	-
b) Balance sheet Section	March 31, 2018	March 31, 2017
	₹ in Lacs	₹ in Lacs
Liability for Current Tax (net)	(1,742.39)	-
Taxes Recoverable (net) (refet note 6)	174.95	-
Net Tax Provision	(1,567.44)	-

Note : Liabilities for Current Taxes (net) and Taxes Recoverable (net) are presented based on a year-wise tax balances, as the case may be.

c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

	March 31, 2018		March 31, 2017	
	%	₹ in Lacs	%	₹ in Lacs
Accounting profit before taxation		9,095.82		(1,611.00)
Tax using the Company's domestic rate	28.84%	2,623.23	28.84%	(464.61)
Tax effect of :				
Tax credits of previous period recognised in current period	-25.00%	(2,273.85)	-	-
Tax credits not recognised based on prudence			-26.91%	433.46
Expenses / (Income) not allowed / (not taxed) under Tax laws	-0.34%	(31.15)	-1.93%	31.15
Other Temporary differences	-0.03%	(3.16)	-	-
Effective tax rate	3.46%	315.08		-
Income tax expenses charged to profit and loss		315.08		-

d) The Company has following unutilised MAT credit under the Income Tax Act, 1961, for which deferred tax assets has been recognised in the Balance Sheet at March, 31 2018 of ₹ 1626.56 Lacs which will be expired in financial year 2032-33.

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

21.1 Category-wise Classification of Financial Instruments:

Particulars	Refer Note	₹ in Lacs		
		As at March 31, 2018		
		Fair Value through Profit & Loss	Amortised Cost	Carrying Value
Financial Asset				
Trade receivables	4	-	3,475.95	3,475.95
Cash and Cash Equivalents	8	-	411.42	411.42
Others financial assets	5	-	1,82,565.94	1,82,565.94
Total		-	1,86,453.31	1,86,453.31
Financial Liabilities				
Trade payables	14	-	937.98	937.98
Other financial liabilities	12	-	42,170.51	42,170.51
Other non-current liabilities	13	-	94.80	94.80
Total		-	43,203.29	43,203.29

Particulars	Refer Note	₹ in Lacs		
		As at March 31, 2017		
		Fair Value through Profit & Loss	Amortised Cost	Carrying Value
Financial Asset				
Trade receivables	4	-	2,074.09	2,074.09
Cash and Cash Equivalents	8	-	391.91	391.91
Others financial assets	5	-	1,39,615.33	1,39,615.33
Total		-	1,42,081.33	1,42,081.33
Financial Liabilities				
Borrowings	11	-	10,420.16	10,420.16
Trade payables	14	-	2,045.60	2,045.60
Other financial liabilities	12	-	458.47	458.47
Total		-	12,924.23	12,924.23

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

21.2 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.

21.3 Financial Risk objective and policies :

The Company's principal financial liabilities, comprise loans and borrowings, perpetual debt, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and acquisition of port asset. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. In the ordinary course of business, the Company is mainly exposed to risks resulting from interest rate movement.

The Company's risk management activities are subject to the management, direction and control of Central Treasury Team of Adani Ports Special Economic Zone Limited (APSEZL), the Holding Company under the framework of Risk Management Policy for Currency and Interest rate risk as approved by the Board of Directors of the Company. The APSEZL 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 Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

(A) Market 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 debt obligations with interest rates linked to general borrowing rate and period of borrowings. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Currently, inter corporate deposit is of fixed rate of interest. The Company has issued Perpetual Debt to APSEZL with no obligation to redeem the

(B) 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 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 is managed by the Holding Company's treasury department in accordance with the Company'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 Board of Directors. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Concentrations of Credit Risk form part of Credit Risk

Considering that the Company operates the port services at Kattupalli, the Company is significantly dependent on such Container customers. Out of total revenue, the Company earns ₹ 6993.97 lacs of revenue during the year ended March 31, 2018 (previous year ₹ 6582.59 lacs) from such customers which constitute 42.40% (previous year 43.76%). Accounts receivable from such customer approximated ₹ 791.51 lacs as at March 31, 2018 and ₹ 317.58 lacs as at March 31, 2017. A loss of these customer could adversely affect the operating result or cash flow of the Company.

(C) 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

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 from the Holding Company to ensure that there is sufficient cash to meet all its normal operating and strategic commitments in a timely and cost-effective manner.

i) Maturities of financial liabilities

The tables below analyze the company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ in Lacs					
Contractual maturities of financial liabilities as at March 31, 2018	Total	On demand or within 1 year	Over 1 year Within 3 years	Over 3 year Within 5 years	Over 5 year
Trade Payables	937.98	937.98	-	-	-
Other Financial Liabilities	42,170.51	42,170.51	-	-	-
Total	43,108.49	43,108.49	-	-	-

₹ in Lacs					
Contractual maturities of financial liabilities as at March 31, 2017	Total	On demand or within 1 year	Over 1 year Within 3 years	Over 3 year Within 5 years	Over 5 year
Borrowings	10,420.16	-	10,420.16	-	-
Trade Payables	2,045.60	2,045.60	-	-	-
Other Financial Liabilities	458.47	458.47	-	-	-
Total	12,924.23	2,504.07	10,420.16	-	-

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

21.4 Capital management :

For the purposes of the company's capital management, capital includes issued capital, perpetual debt (equity in nature) and all other equity reserves. The primary objective of the company's capital management is to maximize shareholder value keeping long term and short term goal of the Company. The company manages its capital structure and makes adjustments on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans.

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	₹ in Lacs	
	March 31, 2018	March 31, 2017
Total Borrowings (refer note 11)	37,693.74	10,420.16
Less: Cash and bank balance (refer note 8)	411.42	391.91
Net Debt (A)	37,282.32	10,028.25
Total Equity (B)	1,45,807.47	1,37,026.73
Total Equity and Net Debt (C = A + B)	1,83,089.79	1,47,054.98
Gearing ratio (A / C)	20.36%	6.82%

22 Earnings per Share

	March 31, 2018	March 31, 2017
Profit / (Loss) attributable to equity shareholders of the company (₹ in Lacs)	8,780.74	(1,611.00)
Weighted average number of equity shares (No's)	50,000	50,000
Basic and Diluted earning per share (in ₹)	17,561.48	(3,222.00)

23 Capital Commitments & Other Commitment

Particulars	₹ in Lacs	
	March 31, 2018	March 31, 2017
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	622.47	85.93

Other Commitment

On November 9, 2015, the Company has entered into an in-principle agreement for the strategic acquisition of the port business at Kattupalli Port of L&T Shipbuilding Limited ("LTSB"), a subsidiary of Larsen & Toubro Limited (the "Implementation Agreement"). Kattupalli Port is a Non-major port situated at Kattupalli village, Ponneri Taluk, Tiruvallur, Tamilnadu. As at year ended March 31, 2018 approvals from the NCLT, Chennai and the Tamilnadu Maritime Board ("TNMB") for the resultant business structuring of L&T Shipbuilding Limited has been received - the Company to whom the Port business shall be transferred, the acquisition remains subject to, among other things, completion of the conditions stipulated in the Implementation Agreement, to enable the acquisition of the Port business and payment of the total consideration. The expiry date of the Implementation Agreement has been extended until June 30, 2018. The Company has paid refundable and interest free deposit of an amount of ₹ 1,82,500 Lacs (previous year ₹ 1,45,000 lacs) to LTSB to secure its obligation to make payment of total consideration as per the agreement.

While awaiting completion of these conditions, Company is a interim operator of Kattupalli Port under the Implementation Agreement and will remain interim operator until the completion of the acquisition under the Implementation Agreement.

The company had imported capital goods for its Container Port Terminal Project under the EPCG Scheme at concessional rate of custom duty by undertaking obligation to export. Future outstanding export obligation under the scheme is ₹ 1876.64 lacs (previous year Nil) which is equivalent to 6 times of duty utilised ₹ 312.77 lacs (previous year Nil) . - The Company expects to complete the export obligation by 2022-23.

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

24 Related Party Disclosures

The management has identified the following entities as related parties of the Company.

Parent Company	Adani Ports and Special Economic Zone Limited
Fellow Subsidiary	Adani Logistics Limited Karnavati Aviation Pvt Limited
Entities over which Key Managerial persons, Directors and their relatives are able to exercise significant	Tha Adani Harbour Services Pvt Limited (w.e.f December 8, 2016) Adani Enterprised Limited Mundra Solar PV Limited
Key Managerial Personnel	Mr. Karan Adani - Director (w.e.f. November 07, 2015) Mr. G.J Rao (w.e.f. August 18, 2015) Mr. Sandeep Mehta - Director (w.e.f. November 07, 2015) Mr. Sanjay Majmudar - Independent Director (from August 08, 2016 to October 06, 2017) Dr. Chitra Bhatnagar - Independent Director (from August 08, 2016 to October 06, 2017)

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, 2018, 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.

₹ in Lacs

Transaction/Category	Related Party	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expense	Adani Ports and Special Economic Zone Limited	1,443.54	458.95
Issue of Perpetual Debt	Adani Ports and Special Economic Zone Limited	-	1,45,000.00
Borrowings (Loan taken)	Adani Ports and Special Economic Zone Limited	38,060.00	13,525.00
Borrowings (Loan repaid)	Adani Ports and Special Economic Zone Limited	11,120.00	12,194.84
Rendering of Services	Adani Logistics Limited	0.69	-
	Tha Adani Harbour Services Pvt Limited	63.91	-
Services Availed	Adani Ports and Special Economic Zone Limited	130.50	-
	Karnavati Aviation Pvt Limited	135.67	-
	Tha Adani Harbour Services Pvt Limited	30.00	-
	Adani Enterprised Limited	65.21	-
Purchase of Goods	Mundra Solar PV Limited	200.00	-
Sitting Fees	Mr. Sanjay Majmudar	0.47	0.39
	Dr. Chitra Bhatnagar	0.47	0.39

₹ in Lacs

Closing Balance		As at March 31, 2018	As at March 31, 2017
Interest accrued and but not due	Adani Ports and Special Economic Zone Limited	1,299.18	413.00
		1,299.18	413.00
Other Equity - Perpetual debt	Adani Ports and Special Economic Zone Limited	1,45,000.00	1,45,000.00
		1,45,000.00	1,45,000.00
Borrowings - Inter Corporate Deposit	Adani Ports and Special Economic Zone Limited	37,360.16	10,420.22
		37,360.16	10,420.22
Trade Receivable	Tha Adani Harbour Services Pvt Limited	2.05	-
		2.05	-
Trade Payables	Adani Enterprised Limited	53.01	-
		53.01	-
Other Financial Liabilities	Mundra Solar PV Limited	105.00	-
		105.00	-

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

25 Derivative instruments and unhedged foreign currency exposure

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

Nature	As at March 31, 2018		As at March 31, 2017	
	₹ in Lacs	Foreign Currency In Million	₹ in Lacs	Foreign Currency In Million
Buyer's Credit	333.58	USD 0.51	-	-
Trade Payables & Other Current Liabilities	444.78	USD 0.68	-	-

Closing rates as at March 31, 2018:

INR / USD = ₹ 65.175

INR / EURO = ₹ 80.8075

Closing rates as at March 31, 2017:

INR / USD = ₹ 64.85

INR / EURO = ₹ 69.29

26 Contingent Liabilities not provided for

Based on the information available with the Company, there is Nil contingent liability at the year ended March 31, 2018.

27 Insurance Receivable

The company has recognised the insurance claim receivable of ₹ 50.14 Lacs (Previous year ₹ 921.25 Lacs) to the extent of actual expenditure incurred to restore/repair the damage of port assets caused by 'Vardah' cyclone on December 12, 2016 at coast of Tamilnadu. The claim amount has been recognised actual based on preliminary estimate made by surveyor. The company believes that the amount recognised is fully realisable as the expected amount of cost to restore/repair the damage is much higher.

28 Segment Information

The Company is primarily engaged in the business of developing, operating and maintaining the port based terminal infrastructure facilities. The entire business has been considered as a single segment in terms of Ind AS - 108 on Segment Reporting issued by the Institute of Chartered Accountants of India. There being no business outside India, the entire business has been considered as single geographic segment.

29 Employee Benefits

The Company does not have any employee. The management and administrative functions of the Company are being managed by the holding Company, Adani Ports and Special Economic Zone Limited and for operational business functions, the Company has availed services from L&T Shipbuilding Limited (LTSB) to carry all the port operations activities. The charges are debited as Other Expenses.

30 As per the information available with the company there are no supplier being covered under the Micro, Small and Medium Enterprises Development Act 2006. Accordingly no information is required to be reported in the financials.

31 Amendments to Ind AS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for current year.

Changes in liabilities arising from financing activities

Particulars	(₹ in Lacs)				
	April 1, 2017	Cash Flows	Foreign Exchange Management	Other Changes*	March 31, 2018
Long-term Borrowings (Including Current Maturities)	10,420.16	27,273.71	(0.12)	-	37,693.74
Interest accrued on Borrowings	413.06	(559.80)	-	1,445.92	1,299.18
TOTAL	10,833.22	26,713.91	(0.12)	1,445.92	38,992.92

* This relates to the amount charged / credited in the Statement of profit and loss

32 Standard issued but not effective:

On March 28, 2018, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying amendments to the following Ind AS's. These amendments will be applicable from April 1, 2018.

Appendix B to Ind AS 21, foreign currency transactions and advance consideration

The Appendix B to Ind AS 21 clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- The beginning of the reporting period in which the entity first applies the Appendix, or
- The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018.

The Company is evaluating the requirements of the amendments and the effects on the financial statements, which is not expected to be material.

Ind AS 115 - Revenue from Contract with Customers

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach), the effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is evaluating the requirements of the new accounting standard and the possible transition adjustments for disclosure of comparatives for the year ended March 31, 2018.

Adani Kattupalli Port Private Limited
Notes to Financial statements for the year ended March 31, 2018

Ind AS 112 Disclosure of Interests in Other Entities

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal Company that is classified) as held for sale.

These amendments are unlikely to affect the Company's financial statements.

Ind AS 12 Income Taxes

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018.

These amendments are unlikely to affect the Company's financial statements.

Ind AS 40 Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible.

These amendments are unlikely to affect the Company's financial statements.

33 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 approved 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 02, 2018, there were no subsequent events to be recognized or reported that are not already disclosed.

For and on behalf of Board of Directors

G. J. Rao
Director
DIN : 01724002

Sandeep Mehta
Director
DIN : 00897409

Place: Ahmedabad
Date: May 02, 2018