

INDEPENDENT AUDITOR'S REPORT

To the Members of The Adani Harbour Services Private Limited (formerly known as 'TM Harbour Services Private Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of The Adani Harbour Services Private Limited (formerly known as 'TM Harbour Service Private Limited') ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information for the year ended on that date.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on financial information of marine business undertaking, as mentioned in other matters paragraph, transferred to the Company pursuant to the Scheme of Arrangements, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profits including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 23 and 24 of the accompanying financial statements regarding the accounting treatment followed by the Company, as per the Scheme of Arrangements between the Company, Adani Ports and Special Economic Zone Limited (APSEZL), Adani Hazira Port Private Limited ('AHPPL') and Adani Petronet (Dahej) Port Private Limited ('APDPPL') as approved by the National Company Law Tribunal. The aforesaid accounting treatment is not in accordance with Ind AS 103 specified under Section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 2" to this report;
- (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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Other Matters

The Ind AS financial statement of the Company for the year ended March 31, 2017 included in these Ind AS financial statements, prior to giving effect to the adjustment disclosed in Note 24 to these Ind AS financial statement relating to the retroactive accounting for merger of the Marine Business Undertakings, into the Company, have been audited by the predecessor auditor whose report for the year ended March 31, 2017 dated May 22, 2017 expressed an unmodified opinion on those financial statements.

The financial statements for the previous year ended March 31, 2017 have been reinstated for giving effect of the Schemes as disclosed in Note 24 relating to the Marine Business Undertakings transferred to the Company from Adani Ports and Special Economic Zone Limited ('APSEZL'), Adani Hazira Port Private Limited ('AHPPL') and Adani Petronet (Dahej) Port Private Limited ('APDPPL') as per the Schemes.

The reinstated comparative financial information of the Company for the year ended March 31, 2017 has been audited by an independent firm of Chartered Accountants who has issued an unmodified audit opinion in terms of their report dated October 30, 2017 and has been relied upon by us.

We did not audit the financial information of the marine business undertakings transferred to the Company from Adani Ports and Special Economic Zone Limited ('APSEZL') for the period April 1, 2017 to August 23, 2017, from Adani Hazira Port Private Limited ('AHPPL') for the period April 1, 2017 to August 14, 2017 and from Adani Petronet (Dahej) Port Private Limited ('APDPPL') for the period April 1, 2017 to August 14, 2017, pursuant to the Scheme of Arrangements entered between the Company and APSEZL, AHPPL and APDPPL, as approved by the orders of National Company Law Tribunal (NCLT) and filed with Registrar of Companies on August 23, 2017, August 14, 2017 and August 14, 2017, respectively ('Schemes'), included in the accompanying financial statements of the Company which reflects total assets of ₹ 144,079.51 lacs as on the date of the approval of respective Scheme and total revenue of ₹ 33,302.80 lacs and profit before tax of ₹ 27,735.73 lacs, respectively for the period from April 1, 2017 to the date of the Scheme being effective. These financial information of the marine business undertakings transferred from APSEZL, AHPPL and APDPPL have been audited by the auditors of respective entities, whose reports dated May 03, 2018, May 02, 2018 and April 26, 2018 respectively have been furnished to us. Our opinion in so far as it relates to the amounts and disclosures included in respect of marine business undertakings, is based solely on the report of other auditors. Our opinion is not modified in respect of this matter.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Santosh Aggarwal
Partner
Membership Number: 93669
Place of Signature: Ahmedabad
Date: May 03, 2018

Annexure 1 referred to in paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. However, the Company still in the process of get registration of property, plant and equipment in the nature of Tugs acquired under the Scheme of Arrangement.
 - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
 - (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
 - (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
 - (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
 - (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services rendered by the Company.
 - (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, on account of dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	124.34*	FY 2010-11 to 2014-15	Commissioner of Central Excise and Service Tax (Appeals)
Finance Act, 1994	Service Tax	47.50	FY 2012-13	Customs, Excise and Service Tax Appellate Tribunal, Kolkata
Income Tax Act, 1961	Income Tax Penalty	32.54	AY 2011-12	Commissioner of Income Tax (Appeals)

* ₹ 0.09 lacs paid under protest against the demand.

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Santosh Aggarwal
Partner
Membership Number: 93669
Place of Signature: Ahmedabad
Date: May 03, 2018

Annexure 2 to the Independent Auditor's Report of Even Date on the Ind-AS Financial Statements of The Adani Harbour Services Private Limited

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

We have audited the internal financial controls over financial reporting of Adani International Container Terminal Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Santosh Aggarwal
Partner
Membership Number: 93669
Place of Signature: Ahmedabad
Date: May 03, 2018

The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")
Balance Sheet as at March 31, 2018

Particulars	Notes	in Lacs	
		As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	3	81,151.56	87,611.01
(b) Capital Work in Progress	3	6.13	-
(c) Financial assets			
(i) Other Financial Assets	4	-	0.25
(d) Other Non-Current Assets	5	2,849.62	85.16
(e) Deferred Tax Assets (Net)	6	28.23	26.96
Total Non-Current Assets		84,035.54	87,723.38
Current Assets			
(a) Inventories	7	662.17	652.99
(b) Financial Assets			
(i) Trade Receivables	8	813.87	3,774.37
(ii) Cash and Cash Equivalents	9	2,351.39	148.36
(iii) Bank balance other than above	10	1,05,000.00	-
(iv) Other Financial Assets	4	21,530.07	39,361.47
(c) Other Current Assets	5	3,236.26	2,499.60
Total Current Assets		1,33,593.76	46,436.79
Total Assets		2,17,629.30	1,34,160.17
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	11	5,769.22	5,769.22
(b) Other Equity	12	2,04,108.89	1,17,190.63
Total Equity		2,09,878.11	1,22,959.85
LIABILITIES			
Non-Current Liabilities			
(a) Other Non-Current Liabilities	13	2,146.01	2,307.97
Total Non-Current Liabilities		2,146.01	2,307.97
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	14	1,164.74	158.70
(ii) Other Financial Liabilities	15	1,485.13	8,053.78
(b) Other Current Liabilities	13	2,920.93	679.87
(c) Provisions	16	34.38	-
Total Current Liabilities		5,605.18	8,892.35
Total Liabilities		7,751.19	11,200.32
Total Equity and Liabilities		2,17,629.30	1,34,160.17

The accompanying notes forms integral part of financials statements.
As per our report of even date

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

per Santosh Aggarwal
Partner
Membership No. 93669

Place: Ahmedabad
Date: May 03, 2018

For and on behalf of Board of Directors of

The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")

Capt. Unmesh Abhyankar Ennarasu Karunesan
Managing Director Director
DIN: 03040812 DIN: 00200432

Abhishek Bansal Azad Somani
Company Secretary Chief Financial Officer

Place: Ahmedabad
Date: May 03, 2018

The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services 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	17	1,03,876.89	86,680.68
Other Income	18	839.96	203.75
Total Income		1,04,716.85	86,884.43
EXPENSES			
Operating Expenses	19	8,583.93	7,818.67
Revenue Share Expenses		1,461.25	-
Employee Benefits Expense	20	160.80	47.85
Depreciation and Amortization Expense	3	6,458.98	6,829.08
Foreign Exchange (Gain) (net)		(3.48)	-
Finance Costs	21	431.82	469.72
Other Expenses	22	497.44	280.21
Total Expense		17,590.74	15,445.53
Profit Before Tax		87,126.11	71,438.90
Tax Expense:	27		
(a) Current Tax as per Tonnage Tax, Section - 115V of the Income Tax Act, 1961		190.85	20.14
(b) Tax charge relating to earlier periods		17.88	(4.03)
(c) Less: Tax (credit) under Minimum Alternate Tax (MAT) (Net of Tax credit utilized of ` 19.80 Lacs)		(1.26)	-
Income Tax Expense		207.47	16.11
Profit for the year		86,918.64	71,422.79
Other Comprehensive Income			
Items that will not to be reclassified to profit or loss			
Re-measurement (loss) net on defined benefit plans		(0.38)	(0.19)
Other Comprehensive Income for the Year		(0.38)	(0.19)
Total Comprehensive Income for the Year		86,918.26	71,422.60
Basic and Diluted earnings per equity shares (in `) face value of ` 10 each	29	150.66	123.80

The accompanying notes forms integral part of financials statements.
As per our report of even date

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

For and on behalf of Board of Directors of
The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")

per Santosh Aggarwal
Partner
Membership No. 93669

Capt. Unmesh Abhyankar
Managing Director
DIN: 03040812

Ennarasu Karunesan
Director
DIN: 00200432

Abhishek Bansal
Company Secretary

Azad Somani
Chief Financial Officer

Place: Ahmedabad
Date: May 03, 2018

Place: Ahmedabad
Date: May 03, 2018

The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")
Statement of Changes in Equity for the year ended March 31, 2018

in Lacs

Particulars	Equity Share Capital	Other Equity				Total
		Retained Earning	Share Premium	Tonnage Tax Reserve (Refer note - 12.2)	Capital Reserve	
Balance as at April 01, 2016	5,769.22	3,669.75	1,153.84	845.81	-	11,438.62
Profit for the year	-	71,422.79	-	-	-	71,422.79
Other Comprehensive Income for the year	-	(0.19)	-	-	-	(0.19)
Total Comprehensive Income for the year	-	71,422.60	-	-	-	71,422.60
Transfer to Tonnage Tax Reserve Created under Scheme of Arrangement on transfer of Marine Business Undertaking (Refer Note - 24)	-	(14,298.33)	-	14,298.33	-	-
Cash Dividends	-	(3,288.45)	-	-	44,056.61	44,056.61
Dividend Distribution Tax (DDT)	-	(669.53)	-	-	-	(3,288.45) (669.53)
Balance as at March 31, 2017	5,769.22	56,836.04	1,153.84	15,144.14	44,056.61	1,22,959.85
Profit for the year	-	86,918.64	-	-	-	86,918.64
Other Comprehensive Income for the year	-	(0.38)	-	-	-	(0.38)
Total Comprehensive Income for the year	-	86,918.26	-	-	-	86,918.26
Transfer to Tonnage Tax Reserve	-	(17,293.00)	-	17,293.00	-	-
Balance as at March 31, 2018	5,769.22	1,26,461.30	1,153.84	32,437.14	44,056.61	2,09,878.11

The accompanying notes forms integral part of financials statements.
As per our report of even date

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

For and on behalf of Board of Directors of
The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")

per Santosh Aggarwal
Partner
Membership No. 93669

Capt. Unmesh Abhyankar
Managing Director
DIN: 03040812

Ennarasu Karunesan
Director
DIN: 00200432

Abhishek Bansal
Company Secretary

Azad Somani
Chief Financial Officer

Place: Ahmedabad
Date: May 03, 2018

Place: Ahmedabad
Date: May 03, 2018

The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")
Statement of Cash Flows for the year ended March 31, 2018

Particulars	` in Lacs	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flow from Operating Activities		
Profit Before Tax	87,126.11	71,438.90
Adjustments for:		
Loss on sale / discard of Property, Plant & Equipments	0.46	0.12
Excess provision Written Back	(1.00)	(6.02)
Depreciation and Amortisation	6,458.98	6,829.08
Finance Income	(331.49)	(48.81)
Income from Dividend	-	(11.26)
Profit on Sale of Current Investments (net)	(344.53)	-
Government Grant	(149.81)	(137.65)
Finance Cost	431.82	469.72
Operating profit before working capital changes	93,190.54	78,534.08
Movements in working capital :		
Decrease/(Increase) in Trade Receivables	2,960.50	(3,499.04)
(Increase) in Inventories	(9.18)	(509.77)
Decrease/(Increase) in Financial Assets	54,401.14	(83,685.05)
(Increase) in Other Assets	(736.67)	(2,489.27)
Increase in Trade Payables	1,006.04	74.43
Increase in Financial Liabilities	1,485.13	8,053.78
Increase in Other Liabilities	2,229.91	3,128.82
Increase/(Decrease) in Provisions	34.00	(6.01)
Cash generated from operations	1,54,561.41	(398.02)
Direct taxes paid (net)	(2,973.19)	(3.45)
Net Cash Inflow/(Outflow) operating activities (A)	1,51,588.22	(401.48)
Cash flows from investing activities		
Purchase of Property, Plant & Equipments (Including Capital Work In Progress and Capital Advances)	(6.13)	(2.47)
Payment for Purchase Consideration on Account of scheme of arrangement	(44,300.00)	-
Proceeds from Sale/Purchase of Investment in Mutual Fund (net)	344.53	141.28
Interest received	8.23	129.22
Income from dividend	-	11.26
Loan received back	-	300.00
(Deposits in)/Proceeds From Fixed Deposits with Bank	(1,05,000.00)	3,915.00
Net Cash Inflow/(Outflow) from investing activities (B)	(1,48,953.37)	4,494.29
Cash flows from financing activities		
Proceeds from Inter corporate deposit	38,000.00	-
Repayment of Intercorporate deposit	(38,000.00)	-
Payment of Dividend on Equity Shares	-	(3,288.45)
Tax on Dividend on Equity Shares	-	(669.53)
Interest and Finance charges paid	(431.82)	-
Net Cash (Outflow) from financing activities (C)	(431.82)	(3,957.98)
Net increase / (decrease) in cash & cash equivalents (A + B + C)	2,203.03	134.83
Cash & cash equivalents at the beginning of the year	148.36	13.53
Cash & cash equivalents at the end of the year (Refer note - 9)	2,351.39	148.36

Notes:

Component of Cash and Cash equivalents

Cash on hand

Balances with scheduled bank

On current accounts

Total cash and cash equivalents (Refer note - 9)

	2,351.39	148.36
	2,351.39	148.36

a) The Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash Flows notified under Section 133 of Companies (Indian Accounting Standard) Rules, (2015) (as amended).

b) Disclosure under Para 44A as set out in Ind AS 7 on cash flow statements under Companies (Indian Accounting Standards) Rules, 2017 (as amended) is given in note - 15(a).

(c) Pursuant to the scheme of arrangement entered between the company, Adani Ports and Special Economic Zone Limited (APSEZL), Adani Hazira Port Private Limited (AHPPL) and Adani Petronet Dahej Port Private Limited (APDPPL), the company has acquired Marine Business Undertaking of APSEZL, AHPPL & APDPPL w.e.f. April 01, 2016 for a consideration of Rs. 44,300.00 lacs. (Also refer note - 23 - 25 for more details).

Impact of Assets and Liabilities acquired under the scheme of arrangement has not been included in Cash Flow statement considering the same as non-cash transactions as per para 43 of Ind AS - 7.

(d) Purchase of investment in Mutual fund ` 2,55,770.00 Lakhs (Previous Year ` Nil) and Sale of Investment in Mutual fund ` 2,56,114.53 Lakhs (Previous Year ` 141.28 Lakhs).

The accompanying notes forms integral part of financials statements.

As per our report of even date

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

For and on behalf of Board of Directors of
The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")

per Santosh Aggarwal
Partner
Membership No. 93669

Capt. Unmesh Abhyankar
Managing Director
DIN: 03040812

Ennarasu Karunesan
Director
DIN: 00200432

Abhishek Bansal
Company Secretary

Azad Somani
Chief Financial Officer

Place: Ahmedabad
Date: May 03, 2018

Place: Ahmedabad
Date: May 03, 2018

The Adani Harbour Services Private Limited
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Notes to Financial statements for the year ended March 31, 2018

1 Corporate information

The Adani Harbour Services Private Limited (Formerly known as TM Harbour Services Private Limited) ('TAHSPL', 'the Company'), is a wholly owned subsidiary of Adani Ports and Special Economic Zone Limited w.e.f. November 8, 2016 domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The principal activity of the company is to own, acquire, purchase, charter, hire, equip, operate and maintain ships, tugs, barges, boats, supply vessels, offshore support vessels, etc. and barges for river and provide marine services. The registered office of the company is located at 'Adani House', Mithakhali Six Roads, Navrangpura, Ahmedabad - 380009.
The Commercial operations of the company were commenced from September 2, 2010.

2 Basis of preparation

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

The Financial Statements have been prepared on the historical cost basis, except for certain financial instruments (including derivative instruments) which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

In addition, the financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated. The financial statements provide comparative information in respect of the previous period.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current

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

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

b) Foreign currency transactions

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

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

c) Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Company's management determines the policies and procedures for recurring fair value measurement, such as, investment in mutual funds and unquoted financial assets measured at fair value.

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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.

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 28)

-Financial instruments (including those carried at amortised cost) (refer note 28)

d) 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.

Sales tax / value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

Income from Tonnage and Towage Services

Revenue from Marine operations including pilotage and towage services are recognized on proportionate completion method basis based on services completed till reporting date. Revenue is net of discount & rebates. The amount recognized as a revenue is exclusive of service tax /Goods and Service Tax (GST) and education cess where applicable.

Income from SEIS

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

Interest Income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability.

Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

e) Government Grants

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

f) Inventories

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

Stores and Spares: Valued at lower of cost and net realizable value. Cost is determined on a moving weighted average basis. Cost of stores and spares lying in bonded warehouse includes custom duty payable.

Stores and Spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Net Realizable Value in respect of store and spares is the estimated current procurement price in the ordinary course of the business.

g) Property, plant and equipment (PPE)

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

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

The Company has estimated the following useful life to provide depreciation on its certain property, plant and equipment based on assessment made by expert and management estimate.

Type of Assets	Estimated Life
Tugs	20 Years
Tug- Out fitting Items	15 Years

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.

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h) Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

j) Taxes:

Tax expense comprises of current income tax and deferred tax

i) Current income tax

Current tax (including Minimum Alternate Tax) is the amount of tax payable as per special provisions relating to income of shipping companies under the Income Tax Act, 1961 on the basis of deemed tonnage income of the Company under section 115V of the Income Tax Act, 1961, and tax payable on other taxable income for the year determined in accordance with the applicable tax rates and provisions of the Income Tax Act, 1961 and other applicable tax laws. 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, 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 is not a business combination and, at the time of the transaction, 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 recovered.

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

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

Pursuant to the introduction of Section 115VA under the Income-tax Act, 1961, the Company has opted for computation of its income from shipping activities under the Tonnage Tax Scheme. Thus, income from the business of operating ships is assessed on the basis of the Deemed Tonnage Income of the Company and no deferred tax is applicable to such income as there are no timing differences. The timing differences in respect of the non-tonnage activities of the Company are not material, in view of which provision for deferred taxation is not considered necessary.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The Company recognizes tax credits in the nature of Minimum Alternate Tax (MAT) credit as an asset only to the extent that there is sufficient taxable temporary difference /convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the statement of profit and loss. The Company reviews such tax credit asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

k) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

l) Retirement and other employee benefits

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

The Company operates a defined benefit gratuity plan in India which is unfunded. The Company provides for gratuity based on projected unit credit method.

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

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

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

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

m) 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 the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- Debt instruments at amortised cost

Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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.

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 financial assets and credit risk exposure that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances.

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 contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity 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.

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Subsequent measurement

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

Loans and borrowings

This is the most relevant category 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 group 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 group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n) Segment Reporting

In accordance with the Ind-AS 108 - "Operating Segments", the Company has determined its business segment as providing marine services to ports. Since there are no other business segments in which the Company operates, there are no other primary reportable segments.

o) 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, as they are considered an integral part of the company's cash management.

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 April 2017. The nature and the impact of each amendment is described as per note 15(a).

p) 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.

q) 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. (Refer Note - 36)

r) Business Combination

Business Combination have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the company. The cost of acquisition also includes fair value of any contingent considerations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair value on the date of acquisition.

Business combination involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method the assets and liabilities of the combining entities / business are reflected at their carrying value.

The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

The difference between total consideration paid and the aggregate historical carrying amounts of assets and liabilities of the acquired entity shall be transferred to capital reserve and should be presented separately from other capital reserves with disclosure of its nature and purpose in the notes, except in case where different accounting treatment specified in the court approved scheme.

Transaction costs that the company incurs in connection with a business combination such as legal fees, due diligence fees and other professional consulting fees are expensed as incurred."

s) Earnings per share

Basic earning per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

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t) Cash dividend to equity holders of the company

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.3 Significant accounting estimates and assumptions

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

Estimates 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 assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in note 27.

Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in note 34.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect thereported fair value of financial instruments. Refer Note 28 for further disclosures.

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The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")

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

Note 3 - Property, Plant and Equipment

₹ in Lacs

Particulars	Property, Plant and Equipment					
	Plant & Equipment	Furniture & fixtures	Office equipments	Vehicles	Tugs	Total
Cost						
As at April 1, 2016	7.00	0.86	3.97	0.21	7,382.44	7,394.48
Addition on account of scheme of arrangement (refer note - 24 & 25)	-	-	-	-	92,706.93	92,706.93
Additions	-	-	0.03	-	-	0.03
Deductions/Adjustment	-	-	(0.23)	-	-	(0.23)
As at March 31, 2017	7.00	0.86	3.77	0.21	1,00,089.37	1,00,101.21
Additions	-	-	-	-	-	-
Deductions/Adjustment	(0.07)	(0.25)	(0.44)	-	-	(0.76)
As at March 31, 2018	6.93	0.61	3.33	0.21	1,00,089.37	1,00,100.45
Depreciation and Impairment						
As at April 1, 2016	0.92	0.10	0.66	0.03	863.04	864.75
Addition on account of scheme of arrangement (refer note - 24 & 25)	-	-	-	-	4,796.46	4,796.46
Depreciation for the year	0.88	0.14	0.93	0.03	6,827.11	6,829.09
Deductions/(Adjustment)	-	-	(0.10)	-	-	(0.10)
As at March 31, 2017	1.80	0.24	1.49	0.06	12,486.61	12,490.20
Depreciation for the year	0.88	0.14	1.01	0.03	6,456.92	6,458.98
Deductions/(Adjustment)	(0.07)	(0.05)	(0.17)	-	-	(0.29)
As at March 31, 2018	2.61	0.33	2.33	0.09	18,943.53	18,948.89
Net Block						
As at March 31, 2017	5.20	0.62	2.28	0.15	87,602.76	87,611.01
As at March 31, 2018	4.32	0.28	1.00	0.12	81,145.84	81,151.56

Note:-

(a) Tugs acquired under the scheme of arrangement (except acquired of ₹ 33,469.00 lacs from Adani Hazira Port Private Limited) are in the process of getting registration in the company's name with regulatory authorities.

(b) The Company has elected to continue with the carrying value for all of its Property, plant and equipments as recognised in its previous GAAP financial, as deemed cost at the transition date i.e. April 1, 2015 as per option permitted under Ind AS 101 for the first time adoption.

Capital Work in Progress

Particulars	Amount (₹ in Lacs)
Carrying Amount:	
As at March 31, 2017	-
As at March 31, 2018	6.13

* Capital Work in Progress consists of Project Material Items.

The Adani Harbour Services Private Limited
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Notes to Financial statements for the year ended March 31, 2018

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
4 Other Financial assets (refer note - 24 & 25)		
Non Current		
Security Deposits (Unsecured, considered good)	-	0.25
Current		
Security and other deposits (Unsecured, considered good)	0.35	0.10
Interest accrued on bank deposits and loans	323.26	-
Non Trade Receivable (refer note below)	21,205.26	39,361.37
Loans and advances to employees	1.20	-
	21,530.07	39,361.47
Dues from Related Parties included in above (Refer Note :- 36)	21,205.26	39,361.37

Note:- Non-Trade Receivables includes receivables from the transferor companies under Scheme of Arrangement pertaining to operations of marine business undertaking from the appointed date April 01, 2016 to August 31, 2017.

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
5 Other Assets (refer note - 24 & 25)		
Non Current		
Others (Unsecured)		
Advance Income Tax (Net of Provision for taxation)	2,849.62	85.16
	2,849.62	85.16
Current		
Advances recoverable in cash or in kind		
Unsecured, considered good (refer note - 24)	355.68	530.85
	355.68	530.85
Others (Unsecured)		
Prepaid Expenses	6.51	0.85
Accrued revenue	270.93	139.00
GST Receivable	36.91	6.64
SEIS License receivable	2,566.23	1,822.26
	2,880.58	1,968.75
	3,236.26	2,499.60

Notes:-

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

2) Service Exports from India Scheme (SEIS)

SEIS allows Service providers of eligible services to entitlement of Duty credit Scrip at notified rates on net foreign exchange earned. The duty credit scrip being Government Grant, is accounted as stated in the Accounting policy on Government Grant. During the year, company has recognised income of ₹ 3,382.94 Lakhs (Previous Year – ₹ 2,270.89 Lakhs) on account of SEIS scheme. There are no unfulfilled conditions or other contingencies attaching to these grants.

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
6 Deferred tax Assets		
Deferred tax Assets (Refer Note - 27)	28.23	26.96
	28.23	26.96

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
7 Inventories (valued at lower of cost or net realisable value) (refer note - 24 & 25)		
Stores and spares	662.17	652.99
	662.17	652.99

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
8 Trade Receivables (refer note - 24 & 25)		
Current		
Trade Receivables - (Unsecured, considered good)	813.87	3,774.37
	813.87	3,774.37
Dues from Related Parties included in above (Refer Note :- 36)	8.77	3,041.40

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

Generally, as per credit terms trade receivable are collectable within 0-90 days including with the related parties. Trade Receivables are non-interest bearing.

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
9 Cash and cash equivalents (refer note - 24 & 25)		
Balances with banks:		
Balance in current account	2,351.39	148.36
	2,351.39	148.36

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
10 Bank balances other than cash and cash equivalents		
Deposits with original maturity over three months but less than twelve months	1,05,000.00	-
	1,05,000.00	-

The Adani Harbour Services Private Limited
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Notes to Financial statements for the year ended March 31, 2018

11 Equity Share capital

Authorised share capital:

8,00,00,000 Equity Shares of ₹ 10 each
(31.03.2017: 8,00,00,000 Equity Shares of ₹ 10 each)

Issued, subscribed and fully paid up shares:

5,76,92,155 Equity Shares of ₹ 10 each
(31.03.2017: 5,76,92,155 Equity Shares of ₹ 10 each)

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Authorised share capital:	8,000.00	8,000.00
Issued, subscribed and fully paid up shares:	5,769.22	5,769.22
	5,769.22	5,769.22

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. in Lacs	₹ in Lacs	No. in Lacs	₹ in Lacs
As the beginning of the year	576.92	5,769.22	576.92	5,769.22
New Shares Issued during the year	-	-	-	-
As the end of the year	576.92	5,769.22	576.92	5,769.22

(b) Terms/rights attached to equity shares:

(i) 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. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(ii) For the current financial year 2017-18 the company has proposed dividend per share of ₹ 70.00 to equity share holders. (Declared for the previous financial year Interim Dividend per share of ₹ 5.70.

(iii) 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

Adani Ports and Special Economic Zone Limited, the holding company and its nominee

5,76,92,155 equity shares of ₹ 10 each

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Adani Ports and Special Economic Zone Limited, the holding company and its nominee	5,769.22	5,769.22
	5,769.22	5,769.22

(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
Adani Ports and Special Economic Zone Limited, the holding company and its nominee	No in Lacs	576.92	576.92
	% Holding	100.00%	100.00%

12 Other Equity

Capital Reserve (Refer Note - 12.1)

Share premium
Equity premium

Tonnage Tax Reserve u/s 115 VT of The Income Tax Act, 1961 (Refer Note - 12.2)

(To be utilised only for the purpose specified therein)

Retained Earnings (Refer Note - 12.3)

Retained Earnings

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Capital Reserve (Refer Note - 12.1)	44,056.61	44,056.61
Share premium	1,153.84	1,153.84
Equity premium	1,153.84	1,153.84
Tonnage Tax Reserve u/s 115 VT of The Income Tax Act, 1961 (Refer Note - 12.2)	32,437.14	15,144.14
	32,437.14	15,144.14
Retained Earnings (Refer Note - 12.3)	1,26,461.30	56,836.04
Retained Earnings	1,26,461.30	56,836.04
	2,04,108.89	1,17,190.63

12.1 Capital Reserve

Balance at the beginning of the year
Recognised on Account of scheme of arrangement (refer note - 24)
Balance at the end of the year

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Balance at the beginning of the year	44,056.61	-
Recognised on Account of scheme of arrangement (refer note - 24)	-	44,056.61
Balance at the end of the year	44,056.61	44,056.61

The Company has accounted for the merger in accordance with the provisions of the Schemes as approved by the National Company Law Tribunal, Ahmedabad (NCLT) whereby the assets and liabilities of the Marine Business Undertaking of the Transferor Companies i.e. APSEZL, AHPPL and APDPPL have been recognised at their carrying value in the books of the Transferor Companies as at April 01, 2016. The excess of the carrying value of net assets over the total consideration payable by the company for the Marine Business Undertaking on the appointed date has been treated as Capital Reserve.

Refer note - 24 & 25 for more details

12.2 Tonnage Tax Reserve u/s 115 VT of The Income Tax Act, 1961

Balance at the beginning of the year
Add: Transferred from Retained earnings (refer note - 12.3)
Balance at the end of the year

	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Balance at the beginning of the year	15,144.14	845.81
Add: Transferred from Retained earnings (refer note - 12.3)	17,293.00	14,298.33
Balance at the end of the year	32,437.14	15,144.14

The Company has opted for Tonnage Tax Scheme u/s 115V of the Income Tax Act, 1961. Accordingly Section 115 VT of The Income Tax Act, 1961 require the company to create Tonnage Tax Reserve and transfer the amount equivalent to 20% of the book profits. This reserve is utilized in accordance with the provisions of Section 115VT (3) of the Income Tax Act, 1961.

The Adani Harbour Services Private Limited
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Notes to Financial statements for the year ended March 31, 2018

12.3 Retained Earnings (Also refer note - 24 & 25)	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Balance at the beginning of the year	56,836.04	3,669.75
Add: Profit for the year	86,918.64	71,422.79
Less: Re-measurement (losses) on defined benefit plans	(0.38)	(0.19)
Less: Transfer to Tonnage Tax Reserve (Refer Note - 12.2)	(17,293.00)	(14,298.33)
Less: Dividend Paid	-	(3,288.45)
Less: Tax on Dividend paid	-	(669.53)
Balance at the end of the year	1,26,461.30	56,836.04

12.4 Distribution Made and Proposed	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Cash Dividend on Equity Share declared and paid		
Interim Dividend for the year ended March 31, 2017 (₹ 5.70 per Share)	-	3,288.45
Dividend Distribution Tax on above	-	669.53
	-	3,957.98
Proposed Dividend on Equity Share		
Final Dividend for the year ended March 31, 2018 (₹ 70.00 per Share)	40,384.51	-
Dividend Distribution Tax on above	8,301.15	-
	48,685.66	-

Proposed dividend on equity shares are subject to approval at Annual General Meeting and are not recognised as a liability (including dividend distribution tax thereon) as at March 31, 2018.

13 Other Liabilities (Refer note - 24 & 25)	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Non Current		
Deferred Government Grant (Refer Note - a & b below)	2,146.01	2,307.97
	2,146.01	2,307.97
Current		
Unearned revenue	-	258.43
Statutory liability (Net of GST Credit - ₹ 479.98 Lacs)	812.42	4.13
Deferred Government Grant (Refer Note - a & b below)	149.80	137.65
Advance from customers	1,958.71	279.66
	2,920.93	679.87

Note:-

a) Export Promotion Capital Goods (EPCG):

EPCG scheme allows import of certain capital goods at concessional duty subject to an export obligation for the duty saved on capital goods imported under EPCG scheme. The duty saved on capital goods imported under EPCG scheme being Government Grant, is accounted as stated in the Accounting policy on Government Grant. There are no unfulfilled conditions or other contingencies attaching to these grants.

b) Movement in Deferred Government Grant :-

Particulars	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Opening Balance	2,445.62	1,762.05
Add: Addition during the year	-	821.22
Less: Amortization during the year	(149.81)	(137.65)
Closing Balance	2,295.81	2,445.62

14 Trade payables (Refer note - 24 & 25)	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Payables to micro, small and medium enterprises (Refer Note - 33)	-	-
Payable to others	1,164.74	158.70
	1,164.74	158.70
Dues to Related Parties included in above (Refer Note :- 36)	544.93	-

15 Other Financial Liabilities (At amortised cost) (Refer note - 24 & 25)	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Current		
Payable to transferor Companies on account of scheme of arrangement	-	8,053.78
Revenue Share Payable	154.51	-
Other Payables (refer note - b below)	1,330.62	-
	1,485.13	8,053.78
Dues to Related Parties included in above (Refer Note :- 36)	154.51	8,053.78

Notes:-

a) 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). During the year there has been no other change in liabilities arising from financing activities apart changes arising from cash flows statement.

b) Other Payable includes discount payable to customers and other miscellaneous liabilities.

16 Provisions	March 31, 2018 ₹ in Lacs	March 31, 2017 ₹ in Lacs
Current		
Provision for gratuity (refer note - 34)	23.01	-
Provision for compensated absence	11.37	-
	34.38	-

The Adani Harbour Services Private Limited
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Notes to Financial statements for the year ended March 31, 2018

17	Revenue from Operations (Refer note - 24 - 26) Income from Marine, Tonnage and Towage Services (including Government Export Incentives) Other Operating Income	March 31, 2018 ` in Lacs	March 31, 2017 ` in Lacs
		1,03,846.89	86,680.68
		30.00	-
		1,03,876.89	86,680.68
18	Other Income (Refer note - 24 & 25) Interest Income from Bank deposits Loan to Subsidiary Income Tax Refund Customers and others Dividend on Current investments Unclaimed liabilities / excess provision written back Profit on sale of Investment in Mutual Fund Amortization of Government Grant Miscellaneous Income	March 31, 2018 ` in Lacs	March 31, 2017 ` in Lacs
		331.49	34.65
		-	5.26
		-	8.14
		-	0.77
		-	11.26
		1.00	6.02
		344.53	-
		149.81	137.65
		13.13	-
		839.96	203.75
19	Operating Expenses (Refer note - 24 - 26) Tug and Pilotage Charges Repairs to Plant & Equipment Store & Spares consumed (net of reimbursement) Repairs to Buildings Power & Fuel Other expenses including customs establishment charges	March 31, 2018 ` in Lacs	March 31, 2017 ` in Lacs
		3,051.77	2,946.33
		439.32	498.62
		919.21	750.93
		7.66	14.72
		4,121.16	3,579.32
		44.81	28.75
		8,583.93	7,818.67
20	Employee benefit expense (Refer note - 24 & 25) Salaries and Wages Contribution to Provident and Other Funds (Refer Note - 34) Contribution to gratuity expense (Refer Note - 34) Staff Welfare Expenses	March 31, 2018 ` in Lacs	March 31, 2017 ` in Lacs
		152.77	46.32
		2.97	-
		3.82	0.77
		1.24	0.76
		160.80	47.85
21	Finance Costs (Refer note - 24 & 25) Interest on Fixed Loans, Buyer's Credit, Short Term etc. Bank and other finance charges	March 31, 2018 ` in Lacs	March 31, 2017 ` in Lacs
		431.68	469.72
		0.14	-
		431.82	469.72
22	Other Expenses (Refer note - 24 & 25) Rates and Taxes Insurance Advertisement and Publicity Repairs and Maintenance - Others Legal and Professional Expenses Management Support Fees (Refer Note - 36) Payment to Auditors (refer note 1 below) Communication Expenses Office Expenses Travelling and Conveyance Directors Sitting Fee Loss on sale/discard of property, plant and equipment (net) CSR Expenses (refer note - 2 below) Miscellaneous Expenses	March 31, 2018 ` in Lacs	March 31, 2017 ` in Lacs
		1.30	0.03
		130.33	123.44
		10.23	-
		46.01	64.67
		84.50	31.19
		126.00	-
		6.35	6.37
		-	1.28
		53.89	-
		8.01	6.67
		0.89	4.37
		0.46	0.12
		26.50	22.00
		2.97	20.07
		497.44	280.21
Note: 1	Payment to Auditor	March 31, 2018 ` in Lacs	March 31, 2017 ` in Lacs
	As Auditor: Audit Fee Limited Review	3.26 3.00	6.00 -
	In other Capacity Certification Fees Other Services	- -	0.35 0.02
	Reimbursement of expenses	0.09	-
		6.35	6.37

The Adani Harbour Services Private Limited
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Notes to Financial statements for the year ended March 31, 2018

Note: 2

'Details of Expenditure on Corporate Social Responsibilities

Particulars	March 31, 2018	March 31, 2017
	in Lacs	in Lacs
(i) Gross Amount required to be spent during the year	26.34	27.97
(ii) Amount spent during the year ended		

Particulars	In Cash	Yet to be paid in Cash	TOTAL
March 31, 2018			
i) Construction/ acquisition of any asset	-	-	-
ii) On Purpose other than (i) above	26.50	-	26.50
Total	26.50	-	26.50
March 31, 2017			
i) Construction/ acquisition of any asset	-	-	-
ii) On Purpose other than (i) above	22.00	-	22.00
Total	22.00	-	22.00

- 23 During the year ended March 31, 2017, the Board of Directors of the Company (subsidiary of Adani Ports and Special Economic Zone Limited w.e.f. December 08, 2016) had approved the scheme of arrangement ('the Schemes') between the Company and its holding company, Adani Ports and Special Economic Zone Limited (APSEZL), fellow subsidiary companies, Adani Hazira Port Private Limited (AHPPL) and Adani Petronet (Dahej) Port Private Limited (APDPPL), where by it was proposed to transfer Marine Business Operations of APSEZL, AHPPL and APDPPL to the Company w.e.f. April 01, 2016 on slump sale basis through respective Schemes. National Company Law Tribunal (NCLT) had approved the respective schemes on August 23, 2017, August 14, 2017 and August 14, 2017, respectively. The Schemes required the Company to account for the Marine Business Undertaking from the appointed date, i.e. April 01, 2016 though the Company took control over Marine Business Operations of APSEZL, AHPPL and APDPPL on implementation of the scheme i.e., August 31, 2017.

Further, the Company being under Common Control of APSEZL w.e.f. December 08, 2016 in accordance with Indian Accounting Standard 103, Business Combination (Ind AS 103) the accounting for business combination under 'common control' transactions is required to be accounted using the pooling of interest method and the financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the acquisition of control.

The appointed date as per the scheme is not the same as per the acquisition date as defined under Ind AS 103 in case of common control transactions. Since the scheme are duly approved by NCLT, the company has restated the financial information to give effect of the schemes from the appointed date i.e. April 01, 2016 in the books of account.

- 24 The Company ('the Transferee Company'), Adani Ports and Special Economic Zone Limited ('APSEZ'), Adani Hazira Port Private Limited ('AHPPL') and Adani Petronet (Dahej) Port Private Limited ('APDPPL') (collectively referred as 'Transferor Companies') had filed the Scheme of Arrangement ('the Scheme') of demerger of Marine Business Undertaking under Section 230-232 of the Companies Act, 2013 with the National Company Law Tribunal (NCLT) during the year ended March 31, 2017. Pursuant to the Scheme, the Marine Business Undertakings of the Transferor Companies were transferred on going concern basis along with assets and liabilities to the Transferee Company with effect from appointed date i.e. April 01, 2016. The Scheme of Arrangement was sanctioned by the NCLT, Ahmedabad vide its order dated July 31, 2017 (for "Adani Hazira Port Private Limited" and Adani Petronet (Dahej) Port Private Limited) and August 18, 2017 (for Adani Ports and Special Economic Zone Limited) for a total consideration of ₹ 44,300 lacs (₹ 20,000 Lacs (APSEZ), ₹ 22,500 lacs (AHPPL), ₹ 1,800 lacs (APDPPL)), which has to be settled through bank payments. The Scheme has become operative from August 14, 2017 (for "Adani Hazira Port Private Limited" and Adani Petronet (Dahej) Port Private Limited) and August 23, 2017 (for Adani Ports and Special Economic Zone Limited) upon filing of certified copy of the order of the NCLT, Ahmedabad with the Registrar of Companies with an appointed date of April 01, 2016. Accordingly for administrative convenience the company took over the operation of Marine Business Undertaking w.e.f. August 31, 2017 and the Transferor Companies have been merged with the Company from the appointed date April 01, 2016 as approved under the Scheme of Arrangement by NCLT.

The Company has accounted for the merger in accordance with the provisions of the Schemes as approved by the NCLT, Ahmedabad whereby the assets and liabilities of the Marine Business Undertaking of the Transferor Companies have been recognised at their carrying value in the books of the Transferor Companies as at April 01, 2016. The excess of amount of total consideration payable by the Company over the carrying value of net assets of the Marine Business Undertaking of the Transferor Companies on the appointed date has been treated as Capital Reserve.

As a result of the merger, the financial statements of the Company for the year ended March 31, 2017 incorporate the operations of the Marine Business Undertaking of the Transferor Companies with effect from the Appointed Date i.e., April 01, 2016.

Details of book value of assets and liabilities of the Marine Business Undertaking of the Transferor Companies merged into the Company as on the appointed date i.e., April 01, 2016, are as follows:

Particulars	Amount (in ₹ lacs)
Non-Current Assets	
Property, Plant and Equipment	76,519.76
Financial assets	
(i) Trade receivables	56.43
(ii) Other Financial Assets	1.56
Total Non-Current Assets	76,577.75
Current assets	
Inventories	441.14
Financial Assets	
(i) Trade Receivables	201.54
Other Current Assets	82.49
Total Current Assets	725.17
Total Assets (A)	77,302.92
LIABILITIES	
Non-Current Liabilities	
Other Non-Current Liabilities	1,624.40
Current Financial Liabilities	
(i) Trade and Other Payables	239.81
(ii) Other Financial Liabilities	266.10
Other Current Liabilities	-
Total Liabilities (B)	2,130.31
Net Assets (A-B) (as on appointed date)	75,172.61
Less: Purchase Consideration *	31,116.00
Capital Reserve	44,056.61

* - The company has also agreed to acquire additional tug purchased by Adani Hazira Port Private Limited (AHPPL) in the month of July, 2016 on cost to cost basis of ₹ 13,184 lacs, whereby total consideration paid under the scheme has increased to ₹ 44,300 lacs.

The Adani Harbour Services Private Limited
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Notes to Financial statements for the year ended March 31, 2018

- 25 Financial Statement for the year ended March 31, 2018 includes effect of financial operations of Marine Business Undertaking of the Transferor Companies for the period from April 01, 2017 to August 31, 2017 and financial position as on August 31, 2017 of the Marine Business Undertaking of the Transferor Companies as audited by the auditors of the respective transferor companies. The Financial Information of the Marine Business Undertaking of the Transferor Companies for the period from April 01, 2017 to August 31, 2017 and as at August 31, 2017 are as follows:

Statement of Profit and Loss of Marine Business Undertaking of Demerged Companies for the period April 01, 2017 to August 31, 2017

Particulars	Amount (₹ in lacs)
Income	33,245.30
Other Income	57.50
Total Income	33,302.80
Expenditure	
Operating Expenses	2,692.13
Depreciation and Amortization	2,393.04
Other expenses	481.90
Total Expenditure	5,567.07
Profit before tax	27,735.73
Tax Expense	0.74
Profit After Tax	27,734.99
Other Comprehensive Income / (Loss) (after tax)	-
Total Comprehensive Income / (Loss)	27,734.99

Balance Sheet of the Marine Business Undertaking of Demerged Companies as at August 31, 2017

Particulars	Amount (₹ in Lacs)
Non-Current Assets	
Property, Plant and Equipment	79,553.37
Total Non-Current Assets	79,553.37
Current assets	
Inventories	360.74
Financial Assets	
(i) Other Financial Assets	64,165.40
Total Current Assets	64,526.14
TOTAL ASSETS	1,44,079.51
EQUITY AND LIABILITIES	
Equity	
Equity Share Capital	-
Other Equity	1,41,688.90
Total Equity	1,41,688.90
Non-Current Liabilities	
Financial Liabilities	
Other Non-Current Liabilities	2,250.47
	2,250.47
Current Liabilities	
Financial Liabilities	
Liabilities for Current Tax (net)	2.49
Other Current Liabilities	137.65
	140.14
Total Liabilities	2,390.61
TOTAL EQUITY AND LIABILITIES	1,44,079.51

- 26 The Tug and Towage Agreement between the Company and The Dhamra Port Company Limited (DPCL), a fellow subsidiary for deployment of the Company's tugs for provision of marine services to the Port Service Users at Dhamra Port has been revisited w.e.f. April 01, 2017 and an Addendum to Tug and Towage Agreement has been entered w.e.f. April 01, 2017. As per the Addendum agreement, DPCL has allowed the Company to directly provide Pilotage Services to the Port Services users customers at Dhamra Port and has also allowed to use its infrastructure facilities for provision of Pilotage services and has collected service charge from end users as per the tariff notified by DPCL. Accordingly the financial statements for the year ended March 31, 2018, are not comparable to previous year ended March 31, 2017, read with note - 24 & 25 above.

27 **Income Tax**

(a) **The major components of income tax expenses for the years ended March 31, 2018 and March 31, 2017**

Statement of profit and loss

	March 31, 2018 in Lacs	March 31, 2017 in Lacs
Current tax:		
In respect of current year	190.85	20.14
Adjustment in respect of tax charge/(credit) of previous years	17.88	(4.03)
Deferred Tax:		
Tax (Credit) recognised under Minimum Alternate Tax pertaining to previous year	(21.06)	-
Tax (Credit) utilised under Minimum Alternate Tax against tax charge for the current year	19.80	-
Income tax expenses reported in statement of profit and loss	207.47	16.11

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(b) The Income tax expenses for the year can be reconciled to the accounting profit as follows:

	March 31, 2018	March 31, 2017
	₹ in Lacs	₹ in Lacs
Profit before tax from continuing operations	87,126.11	71,438.90
Income tax expenses calculated at 27.55% (2016-17: 34.61%)	24,005.42	24,725.00
Income chargeable at Special Rates under Normal Tax	(23,813.85)	(24,725.00)
Income chargeable at lower rate	(0.72)	20.14
Tax Credit recognized for earlier years (Net of Utilization)	(1.26)	-
Adjustment of tax related to earlier period	17.88	(4.03)
Income Tax expenses recognised on profit and loss (relating to continuing operations)	207.47	16.11

The tax rate used for 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 27.55% and 34.61% respectively payable by corporate entities in India on taxable profit under Indian Tax Law.

c) In the Current year, the Company has recognised MAT Credit of ₹ 21.60 lacs pertains to earlier periods (Previous year Nil) as the management believes, in view of availability of surplus fund from the operations and having income thereof in subsequent periods chargeable under the normal provisions of the Income Tax Act, 1961. Further, during the year the Company has utilised MAT Credit of ₹ 19.81 lacs to the extent of higher of income chargeable under normal provision and tax on book profit for the year. Unutilised MAT Credit as at March 31, 2018 is ₹ 28.23 lacs (Previous year ₹ 26.96 lacs). The Company believes that there is sufficient taxable temporary difference /convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. As per regulation under section 115JAA of Income Tax Act, 1961, MAT credit can be utilised up to 15 assessment years immediately succeeding the assessment year in which tax credit becomes allowable.

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:

Financial Year	Amount (₹ in Lacs)	Expiry Date
2010-11	7.17	2025-26
2016-17	21.06	2031-32

28 Financial Instruments, Financial Risk and Capital Management

a) The carrying value of financial instruments by categories as of March 31, 2018 is as follows :

Particulars	₹ in Lacs	
	Amortised Cost	Carrying Value
Financial Asset		
Trade receivables (Refer Note - 8)	813.87	813.87
Cash and Cash Equivalents (Refer Note - 9)	2,351.39	2,351.39
Bank balances other than cash and cash equivalents (Refer Note - 10)	1,05,000.00	1,05,000.00
Other financial assets (Refer Note - 4)	21,530.07	21,530.07
	1,29,695.33	1,29,695.33
Financial Liabilities		
Trade payables (Refer Note - 14)	1,164.74	1,164.74
Other financial liabilities (Refer Note - 15)	1,485.13	1,485.13
	2,649.87	2,649.87

b) The carrying value of financial instruments by categories as of March 31, 2017 is as follows :

Particulars	₹ in Lacs	
	Amortised Cost	Carrying Value
Financial Asset		
Trade receivables (Refer Note - 8)	3,774.37	3,774.37
Cash and Cash Equivalents (Refer Note - 9)	148.36	148.36
Other financial assets (Refer Note - 4)	39,361.72	39,361.72
	43,284.45	43,284.45
Financial Liabilities		
Trade payables (Refer Note - 14)	158.70	158.70
Other financial liabilities (Refer Note - 15)	8,053.78	8,053.78
	8,212.48	8,212.48

c) **Financial Risk objective and policies**

The Company's principal financial liabilities, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations/projects and to provide guarantees to support its operations. The company's principle financial assets includes trade and other receivables, cash and cash equivalent that derive directly from its operations.

In the ordinary course of business, the Company is mainly exposed to risks resulting from exchange rate fluctuation (currency risk), collectively referred as Market Risk, Credit Risk and Liquidity Risk. The Company's senior management oversees the management of these risks.

The Company's risk management activities are subject to the management, direction and control of Central Treasury Team of APSEZL, parent 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's central treasury team ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and deposits. In ordinary course of business, the company is exposed to currency risk only.

The sensitivity analyses in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2018. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions.

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The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

1) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

The company is mainly exposed to changes in USD and JPY. The below table demonstrates the sensitivity to a 1% change in the respective Foreign currency rates

i) Sensitivity

The sensitivity of profit or loss due to changes in the exchange rates arises mainly from non-derivative foreign currency denominated financial instruments (mainly financial instruments denominated in USD, and JPY currencies). The same is summarized as below:

Sr. No.	Particulars	Impact on profit for the year ended		` in Lacs
		March 31, 2018	March 31, 2017	
1	USD Sensitivity			
	RUPEES / USD – Appreciation by 1%	(0.03)		-
	RUPEES / USD – Depreciation by 1%	0.03		-
2	JPY Sensitivity			
	RUPEES / USD – Appreciation by 1%	(0.63)		-
	RUPEES / USD – Depreciation by 1%	0.63		-

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 and financial institutions is managed by the 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 Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Concentrations of Credit Risk form part of Credit Risk

Considering that the Company marine services, the Company is significantly dependent on vessels from or to such large port user customers. Out of total revenue, the Company earns ` 35,408.35 lacs of revenue during the year ended March 31, 2018 from such port users which constitute 34.09%. Accounts receivable from such customer approximated ` 340.48 lacs as at March 31, 2018.

Liquidity risk

The Company monitors its risk of shortage of funds using cash flow forecasting models. These models consider the maturity of its financial investments, committed funding and projected cash flows from operations. The Company's objective is to provide financial resources to meet its business objectives in a timely, cost effective and reliable manner and to manage its capital structure. A balance between continuity of funding and flexibility is maintained through the use of loans from banks and financial institutions, debentures, preference shares and equity shares.

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	On demand or within 1 year	Total Value
Trade payables (Refer Note - 14)	1,164.74	1,164.74
Other financial liabilities (Refer Note - 15)	1,485.13	1,485.13
Total	2,649.87	2,649.87

(` in Lacs)

Contractual maturities of financial liabilities as at March 31, 2017	On demand or within 1 year	Total Value
Trade payables (Refer Note - 14)	158.70	158.70
Other financial liabilities (Refer Note - 15)	8,053.78	8,053.78
Total	8,212.48	8,212.48

d) Capital Management:

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

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

Particulars	` in Lacs	
	March 31, 2018	March 31, 2017
Total Borrowings	-	-
Net Debt (A)	-	-
Equity Share Capital (Refer Note - 11)	5,769.22	5,769.22
Other Equity (Refer Note - 12)	2,04,108.89	1,17,190.63
Total Equity (B)	2,09,878.11	1,22,959.85
Total Equity and Net Debt (C = A + B)	2,09,878.11	1,22,959.85
Gearing ratio	0.00%	0.00%

29 Earnings per share

	` in Lacs	
	March 31, 2018	March 31, 2017
Profit attributable to equity shareholders of the company	86,918.64	71,422.79
Weighted average number of equity shares	576.92	576.92
Face Value per Share (in `)	10.00	10.00
Basic and Diluted earning per share (in `)	150.66	123.80

30 Capital Commitments

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	13.59	-

31 Contingent liabilities not provided for:

Sr No.	Particulars	` in Lacs	
		March 31, 2018	March 31, 2017
1	Show Cause Notice received from the Commissioner of Service Tax, Kolkata for Valuation matters of services provided pertaining to FY 2010-11 to 2014-15. During the year the company has received order passed against the company by the Joint Commissioner, Service Tax Kolkata. The company has filed an appeal before commissioner (Appeals) which is not adjudicated as on date. Based on opinion of legal counsel, the management doesn't expect any demand.	124.34	124.34
2	Penalty Order received from Assessing Officer on the disallowances made during the assessment of AY 2011-12, Appeal has been preferred before CIT (A) against Penalty order. Management doesn't expect any liability on the said matter.	32.54	32.54

Note: Future cash flows in respect of above matters are determinable only on receipt of decisions pending at various forums/authorities.

32 Segment Information:

The Company is primarily engaged in one business segment, providing marine services to port, as determined by chief operational decision maker, in accordance with Ind AS - 108 "Operating Segment".

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

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

Sr No	Particulars	` in Lacs	
		Year ended March 31, 2018	Year ended March 31, 2017
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year. Principal Interest	Nil	Nil
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	Nil	Nil

34 Disclosures as required by Ind AS - 19 Employee Benefits

a) The company has recognised, in the Statement of Profit and Loss for the current year, an amount of ` 2.78 lacs (previous year ` Nil) as expenses under the following defined contribution plan.

Contribution to	` in Lacs	
	2017-18	2016-17
Provident Fund	2.78	-
Total	2.78	-

b) The company has a defined gratuity plan and is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed at least five year of service is entitled to gratuity benefits on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

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

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c) Gratuity

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

Particulars	in Lacs	
	March 31, 2018	March 31, 2017
Present value of the defined benefit obligation at the beginning of the year	-	-
Current service cost	2.35	-
Interest cost	1.47	-
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	-	-
- change in financial assumptions	-	-
- experience variance	0.38	-
Liability Transfer In	18.82	-
Present value of the defined benefit obligation at the end of the year	23.01	-

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

Contribution to	in Lacs	
	March 31, 2018	March 31, 2017
Present value of the defined benefit obligation at the end of the year	23.01	-
Amount recognised in the balance sheet	23.01	-
Net (liability)/asset - Current	(23.01)	-

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

Particulars	in Lacs	
	March 31, 2018	March 31, 2017
Current service cost	2.35	-
Interest cost on benefit obligation	1.47	-
Total Expenses included in employee benefits expense (Refer Note - 20)	3.82	-

iv) Recognised in the other comprehensive income for the year

Particulars	in Lacs	
	March 31, 2018	March 31, 2017
Actuarial (gain)/losses arising from		
- change in demographic assumptions	-	-
- change in financial assumptions	-	-
- experience variance	0.38	-
Recognised in comprehensive income	0.38	-

v) Maturity profile of Defined Benefit Obligation

Particulars	March 31, 2018	March 31, 2017
Weighted average duration (based on discounted cash flows)	12 Years	-

vi) The expected cash flows of defined benefit obligation over the future periods (valued on undiscounted bases)

Particulars	in Lacs	
	March 31, 2018	March 31, 2017
1 year	0.36	-
2 to 5 year	1.79	-
6 to 10 year	19.45	-
More than 10 years	46.49	-

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

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.80%	-
Rate of escalation in salary (per annum)	7.00%	-
Mortality	India Assured Lives Mortality (2006-08)	-
Attrition rate:-		
Below service of 5 years	10.00%	-
Equal and above service of 5 years	1.00%	-

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

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

viii) Quantitative sensitivity analysis for significant assumption is as below

Sensitivity Analysis Method

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

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

Particulars	March 31, 2018		March 31, 2017	
	Discount rate			
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on defined benefit obligations	in Lacs (2.51)	in Lacs 2.94	in Lacs -	in Lacs -

Particulars	March 31, 2018		March 31, 2017	
	Salary Growth rate			
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on defined benefit obligations	in Lacs 2.93	in Lacs (2.55)	in Lacs -	in Lacs -

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Particulars	March 31, 2018		March 31, 2017	
	Attrition rate			
Sensitivity level	50% Increase	50% Decrease	50% Increase	50% Decrease
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Impact on defined benefit obligations	0.06	(0.06)	-	-

Particulars	March 31, 2018		March 31, 2017	
	Mortality rate			
Sensitivity level	10% Increase	10% Decrease	10% Increase	10% Decrease
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Impact on defined benefit obligations	0.01	(0.01)	-	-

35 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	
	Amount	Foreign Currency	Amount	Foreign Currency
	₹ in Lacs	(in millions)	₹ in Lacs	
Trade payables (USD)	2.85	0.004370	-	-
Trade payables (JPY)	62.61	10.18	-	-

Closing rates as at March 31, 2018:

USD / INR = ₹ 65.1750

100 JPY / INR = ₹ 61.5050

Closing rates as at March 31, 2017:

USD / INR = ₹ 64.8500

100 JPY / INR = ₹ 58.0025

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

Note - 36

Related Party Disclosures

Sl. No.	Name of the related party	Nature of relationship
(a)	Adani Ports and Special Economic Zone Limited (wef 08.12.2016)	Holding Company
(b)	The Dhamra Port Company Limited (wef 08.12.2016)	Fellow Subsidiary
(c)	Adani Petronet (Dahej) Port Private Limited (wef 08.12.2016)	Fellow Subsidiary
(d)	Adani Hazira Port Private Limited (wef 08.12.2016)	Fellow Subsidiary
(e)	Adani Kattupali Port Private Limited (wef 08.12.2016)	Fellow Subsidiary
(f)	Adani Ennore Container Terminal Private Limited (wef 08.12.2016)	Fellow Subsidiary
(g)	Adani Bunkering Private Limited (wef 08.12.2016)	Entities over which major shareholders of the holding company are able to exercise significant influence through voting powers
(h)	Adani Power Limited (wef 08.12.2016)	
(i)	Adani Wilmar Limited (wef 08.12.2016)	
(j)	TATA Steel Limited (upto 07.12.2016)	Ultimate Holding Company
(k)	TM International Logistics Limited (upto 07.12.2016)	Intermediate Holding Company
(l)	TKM Global Logistics Limited (upto 07.12.2016)	Intermediate Holding Company
(m)	TKM Global GmbH (upto 07.12.2016)	Holding Company
(n)	International Shipping and Logistics FZE (upto 07.12.2016)	Fellow Subsidiary holding more than 20% Equity
(o)	Key Managerial Persons :-	
	Mr. Unmesh Abhyankar (wef 08.12.2016 - Director) (wef 08.02.2017 - Managing Director)	Managing Director
	Mr. Ennarasu Karunesan (wef 08.12.2016)	Director
	Mr. Subrat Tripathy (wef 08.12.2016)	Director
	Mr. R N Murthy (upto 08.12.2016)	Managing Director
	Mr. Mukesh Shah (wef 10.01.2017 & upto 06.10.2017)	Independent Director
	Dr. Chitra Bhatnagar (wef 10.01.2017 & upto 06.10.2017)	Independent Director
	Mr. Azad Somani (wef 23.12.2016)	Chief Financial Officer
	Mr. Anand Chand (upto 22.12.2016)	Chief Financial Officer
	Mr. Abhishek Bansal (wef 23.12.2016)	Company Secretary
	Mrs. Swati Sheth (upto 22.12.2016)	Company Secretary

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)

Sl. No.	Name of the related party	Nature of transaction	Transaction for year ended March 31, 2018	Transaction for year ended March, 2017
(a)	Adani Ports and Special Economic Zone Limited	Sale of port related services	-	4.27
		Sale Consideration for Marine Business Undertaking	-	20,000.00
		Borrowings (Loan taken)	38,000.00	-
		Borrowings (Loan repaid)	38,000.00	-
		Interest On Inter Corporate Deposit	431.68	-
		Reimbursement of Expenses	1,402.87	-
	Services Availed	52.80	-	
(b)	The Dhamra Port Company Limited	Sale of port related services	-	926.99
		Revenue Share (refer note 1 below)	1,461.25	-
		Reimbursement of Expenses	184.92	-
		Services Availed	20.40	-
(c)	Adani Petronet (Dahej) Port Private Limited	Sale Consideration for Marine Business Undertaking	-	1,800.00
		Reimbursement of Expenses	67.50	-
		Services Availed	16.20	-
(d)	Adani Hazira Port Private Limited	Sale Consideration for Marine Business Undertaking	-	22,500.00
		Reimbursement of Expenses	365.11	-
		Services Availed	25.20	-
(e)	Adani Kattupali Port Private Limited	Reimbursement of Expenses	52.51	-
		Services Availed	11.40	-
		Rendering of Services	30.00	-
(f)	Adani Ennore Container Terminal Private Limited	Reimbursement of Expenses	5.27	-
(g)	Adani Bunkering Private Limited	Sale of port related services	97.31	182.10
(h)	Adani Power Limited	Sale of port related services	-	0.37

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Related Party Disclosures

(` in Lacs)

Sl. No.	Name of the related party	Nature of transaction	Transaction for year ended March 31, 2018	Transaction for year ended March, 2017
(i)	Adani Wilmar Limited	Sale of port related services	-	1.18
(j)	Adani Foundation	Donation	26.50	
(k)	TKM Global Logistics Limited	Repayment of Loan by Intermediary Holding Company	-	300.00
(l)	TM International Logistics Limited	Reimbursement Paid	-	57.97
(m)	TKM Global Logistics Limited	Interest Income	-	5.26
(n)	TKM Global GmbH	Dividend paid	-	2,439.53
(o)	International Shipping and Logistics FZE	Dividend paid	-	848.92
(p)	Mr. Mukesh Shah	Sitting Fees	0.27	-
(q)	Dr. Chitra Bhatnagar	Sitting Fees	0.62	-

(` in Lacs)

Sl. No.	Name of the related party	Nature of outstanding balance	As at March, 2018	As at March, 2017
(a)	Adani Ports and Special Economic Zone Limited	Other Receivables	21,205.26	39,248.44
		Trade Payables (incl provisions)	512.20	-
(b)	The Dhamra Port Company Limited	Trade receivables	-	3,041.40
		Trade Payables (incl provisions)	2.09	-
		Other Payables	154.51	-
(c)	Adani Petronet (Dahej) Port Private Limited	Other Receivables	-	112.93
		Trade Payables (incl provisions)	2.31	-
(d)	Adani Hazira Port Private Limited	Other Payables	-	8,053.78
		Trade Payables (incl provisions)	21.80	-
(e)	Adani Bunkering Private Limited	Trade receivables	8.77	-
(f)	Adani Kattupali Port Private Limited	Trade Payables (incl provisions)	2.05	-
(g)	Adani Ennore Container Terminal Private Limited	Trade Payables (incl provisions)	4.48	-

Note:-

- Revenue share payable to The Dhamra Port Company Limited ("DPCL") is a pass through transaction which DPCL has to pay to the Government of Odisha as per the Concession Agreement.
- Managing Director and Company Secretary of the Company is in employment with the holding company, Adani Ports and Special Economic Zone Limited and Other Group Company and are paid remuneration by the holding company and respective group company.

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37 **Standard issued but not effective:**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs ("MCA") has issued certain amendments to Ind AS through (Indian Accounting Standards) Amendment Rules, 2018. These amendments maintain convergence with IFRS by incorporating amendments issued by International Accounting Standards Board (IASB) into Ind AS and has amended the following standards:

1. Ind AS 115-Revenue from Contracts with Customers:

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

2. Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

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. The amendments should be applied retrospectively and are effective from April 01, 2018. These amendments are not applicable to the company as the entity does not have interest in subsidiary, joint venture or associate.

3. Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses:

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 not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

4. Transfers of Investment Property — Amendments to Ind AS 40

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 without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. These amendments does not have any measurement and disclosure impact as the company has no Investment Property as at March 31, 2018.

5. Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 April 2018. The Company does not expect any effect on its financial statements as there is no such investment in Associates and Joint Ventures and hence these amendments are not applicable to the Company.

6. Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. 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:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) 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 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")
Notes to Financial statements for the year ended March 31, 2018

38 Event Occurred After 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 03, 2018, there were no subsequent events to be recognized or reported that are not already disclosed.

39 Approval of Financial Statements:

The financial statements were approved for issue by the board of directors on May 03, 2018.

The accompanying notes forms integral part of financials statements.
As per our report of even date

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

For and on behalf of Board of Directors of
The Adani Harbour Services Private Limited
(Formerly known as "TM Harbour Services Private Limited")

per Santosh Aggarwal
Partner
Membership No. 93669

Capt. Unmesh Abhyankar
Managing Director
DIN: 03040812

Ennarasu Karunesan
Director
DIN: 00200432

Abhishek Bansal
Company Secretary

Azad Somani
Chief Financial Officer

Place: Ahmedabad
Date: May 03, 2018

Place: Ahmedabad
Date: May 03, 2018