

Independent Auditor's Report

To the Members of Adani Bhavanapadu Port Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Adani Bhavanapadu Port Private Limited** (“the Company”) which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the period ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the loss, changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant for audit of financial statement under the provisions of the Act and Rules made thereunder, we have fulfilled our ethical requirements that are relevant to our audit of the financial statements under the

provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report including the Annexures to the Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for

ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls..

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

1. 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended :
In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid the remuneration to its directors during the period.

- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations as on Balance Sheet date.

 - 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.

2. 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 Companies Act, 2013, we give in the "Annexure-B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

FOR G. K. CHOKSI & CO.
[Firm Registration No.101895W]
Chartered Accountants

Place : Ahmedabad
Date : 29th April, 2019

SANDIP PARIKH
Partner
Mem. No. 040727

Annexure -A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

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

We have audited the internal financial controls over financial reporting of **Adani Bhavanapadu Port Private Limited** ("the Company") as of 31st March, 2019 in conjunction with our audit of financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations 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 and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal financial 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 G. K. CHOKSI & CO.

[Firm Registration No.101895W]

Chartered Accountants

Place : Ahmedabad

Date : 29th April, 2019

SANDIP PARIKH

Partner

Mem. No. 040727

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) The Company do not have any fixed assets and therefore reporting under Clause (i) (a),(b) and (c) of CARO 2016 is not applicable to the Company.

- (ii) The Company do not have any inventories and therefore reporting under Clause (ii) of CARO 2016 is not applicable to the Company.

- (iii) According to information and explanation given to us the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

- (iv) In our opinion and according to information and explanations given to us, the Company has not made any loans, Investment, guarantees and security. Accordingly, reporting under Clause (iv) of CARO 2016 is not applicable to the Company.

- (v) According to information and explanation given to us the Company has not accepted any deposits as defined in The Companies (Acceptance of Deposits) Rules 2014. Accordingly, reporting under Clause 3 (v) of the order is not applicable to the Company.

- (vi) The Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013, for the business activities carried out by the Company and therefore, reporting under Clause 3(vi) of the Order is not applicable to the Company.

- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess, stamp duty and other material statutory dues applicable to it with the appropriate authorities.

 - (b) There were no undisputed amounts payable in respect of Provident Fund,

Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

- (c) The Company has no disputed outstanding statutory dues as at 31st March, 2019.
- (viii) In our opinion and according to information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Accordingly reporting under clause 3 (viii) of the order is not applicable to the Company.
- (ix) In our opinion and according to information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly reporting under clause 3 (ix) of the order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the period.
- (xi) In our opinion and according to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid provided any managerial remuneration. Accordingly reporting under clause 3 (xi) of the order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, reporting under clause 3 (xii) of the order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable for all transactions with related parties and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the period the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and therefore, the reporting under clause(xiv) of the CARO 2016 is not applicable to the company.

(xv) In our opinion and according to the information and explanations given to us, during the period the Company has not entered into non-cash transactions with directors or directors of its holding ,subsidiary or associate Company or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the reporting under clause 3 (xvi) of the order is not applicable to the Company.

FOR G. K. CHOKSI & CO.

[Firm Registration No. 101895W]

Chartered Accountants

Place : Ahmedabad

Date : 29th April, 2019

SANDIP PARIKH

Partner

Mem. No. 040727

ADANI BHAVANAPADU PORT PRIVATE LIMITED

Balance Sheet as at March 31, 2019

Amt in ₹

Particulars	Notes	As at March 31, 2019
Assets		
Current assets		
Financial assets		
(i) Cash and Cash Equivalents	3	4,59,690
(ii) Other Financial Assets	4	10,000
Other Current Assets	5	3,342
		4,73,032
Total Assets		4,73,032
Equity and Liabilities		
Equity		
Equity Share Capital	6	5,00,000
Other Equity	7	(47,853)
		4,52,147
Liabilities		
Current Liabilities		
Financial Liabilities		
(i) Trade Payables	8	-
(a) total outstanding dues of micro enterprises and small enterprises		-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises.		18,885
Other Current Liabilities	9	2,000
		20,885
Total Liabilities		20,885
Total Equity and Liabilities		4,73,032

The accompanying notes form an integral part of financial statements

As per our report of even date

For G. K. CHOKSI & CO.

Firm Registration No.: 101895W

Chartered Accountants

For and on behalf of Board of Directors

Sandip A Parikh

Partner

Membership No. 40727

G J Rao

[Director]

DIN: 01724002

Pranav Choudhary

[Director]

DIN: 08123475

Place: Ahmedabad

Date: April 29, 2019

Place: Ahmedabad

Date: April 29, 2019

ADANI BHAVANAPADU PORT PRIVATE LIMITED

Statement of Profit and Loss For the period May 21, 2018 to March 31, 2019

Amt in ₹

Particulars	Notes	For the period May 21, 2018 to March 31, 2019
Expenses		
Other Expenses	10	47,853
Total Expense		47,853
(Loss) for the period		(47,853)
Other Comprehensive Income		-
Total Comprehensive Income for the period net of tax		(47,853)
Loss per Share - (Face value of ₹ 10 each)		
Basic and Diluted (in ₹)	12	(1.20)

The accompanying notes form an integral part of financial statements
As per our report of even date

For G. K. CHOKSI & CO.
Firm Registration No.: 101895W
Chartered Accountants

For and on behalf of Board of Directors

Sandip A Parikh
Partner
Membership No. 40727

G J Rao
[Director]
DIN: 01724002

Pranav Choudhary
[Director]
DIN: 08123475

Place: Ahmedabad
Date: April 29, 2019

Place: Ahmedabad
Date: April 29, 2019

ADANI BHAVANAPADU PORT PRIVATE LIMITED

Statement of Changes in Equity For the period May 21, 2018 to March 31, 2019

Amt in ₹

Particulars	Equity Share Capital	Reserves and Surplus	Total
		Retained Earning	
Balance as at May 21, 2018	-	-	-
(Loss) for the period	-	(47,853)	(47,853)
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the period	-	(47,853)	(47,853)
Share issue during the period	5,00,000	-	5,00,000
Balances as at March 31, 2019	5,00,000	(47,853)	4,52,147

The accompanying notes form an integral part of financial statements
As per our report of even date

For G. K. CHOKSI & CO.**Firm Registration No.: 101895W**

Chartered Accountants

For and on behalf of Board of Directors of**Sandip A Parikh**

Partner

Membership No. 40727

G J Rao

[Director]

DIN: 01724002

Pranav Choudhary

[Director]

DIN: 08123475

Place: Ahmedabad

Date: April 29, 2019

Place: Ahmedabad

Date: April 29, 2019

ADANI BHAVANAPADU PORT PRIVATE LIMITED

Statement of Cash Flows For the period May 21, 2018 to March 31, 2019

Particulars	Amt in ₹ For the period May 21, 2018 to March 31, 2019
A. Cash Flow from Operating Activities	
Loss before tax	(47,853)
Operating Loss Before Working Capital Changes	(47,853)
Adjustment for :	
(Increase) in Other Financial Assets	(10,000)
(Increase) in Other Assets	(3,342)
Increase in Trade Payables	18,885
Increase in Other Liabilities	2,000
Cash generated from operations	(40,310)
Direct Taxes paid (net of Refunds)	-
Net Cash used in Operating Activities	(40,310)
B. Cash Flows from Investing Activities	
Net Cash Flow from Investing Activities	-
C. Cash Flows from Financing Activities	
Proceeds from Issuance of Share Capital	5,00,000
Net Cash Flow from Financing Activities	5,00,000
D. Net Increase in Cash & Cash Equivalents (A + B + C)	4,59,690
E. Cash and Cash Equivalents at the Beginning of the Period	-
F. Cash & Cash Equivalents at the End of the Period (refer note 3)	4,59,690
Notes:	
Component of Cash and Cash Equivalents	
Balances with Scheduled Bank	
In Current Accounts	4,59,690
Cash and Cash Equivalents at the End of the Period	4,59,690

Summary of significant accounting policies refer note 2.2

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

The accompanying notes form an integral part of financial statements
As per our report of even date

For G. K. CHOKSI & CO.
Firm Registration No.: 101895W
Chartered Accountants

For and on behalf of Board of Directors

Sandip A Parikh
Partner
Membership No. 40727

G J Rao
[Director]
DIN: 01724002

Pranav Choudhary
[Director]
DIN: 08123475

Place: Ahmedabad
Date: April 29, 2019

Place: Ahmedabad
Date: April 29, 2019

ADANI BHAVANAPADU PORT PRIVATE LIMITED

Notes to Financials statements for the period May 21, 2018 to March 31, 2019

1 Corporate information

Adani Bhavanapadu Port Private Limited ("ABPPL" or "the Company") was incorporated on May 21, 2018 as a 100% subsidiary of Adani Ports and Special Economic Zone Limited (Parent Company or "APSEZL") with an objective for development of a greenfield non-major Port at Bhavanapadu, Srikakulam District of Andhra Pradesh (collectively referred as 'Project'). As at year ended March 31, 2019, the Government of Andhra Pradesh has approved the financial bid for the project as the developer of Bhavanapadu port project and issued a letter of award (LOA). The Company is yet to enter into a Concession Agreement with Government of Andhra Pradesh (Authority) under the Design, Build, Finance, Operate and Transfer ("DBFOT") scheme.

The financial statements were authorised for issue in accordance with the resolution of directors on April 29, 2019.

2 Basis of preparation

2.1 The financial statements of the Company has 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.

The financial statements are presented in Indian rupees (INR) and all values are rounded to the nearest rupees, except when otherwise indicated. The company was incorporated on May 21, 2018 and this being first financial statements of Company for the period May 21, 2018 to March 31, 2019 accordingly, no comparative financials numbers are presented.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is treated as current when:

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

The Company classifies all other liabilities as non-current.

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) 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.

c) Earnings per share

The Basic earning per share has been computed by dividing the income available 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 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.

d) Provisions

General

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

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

ADANI BHAVANAPADU PORT PRIVATE LIMITED

Notes to Financial statements for the period May 21, 2018 to March 31, 2019

e) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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

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

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

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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

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

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

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.

-Financial instruments (including those carried at amortised cost) (refer note 11.1)

f) Financial instruments

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

> Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified 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:

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

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.

ADANI BHAVANAPADU PORT PRIVATE LIMITED

Notes to Financials statements for the period May 21, 2018 to March 31, 2019

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 12 Month ECL is used to provide if credit risk has not increased significantly and if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR.

> Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

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 Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

2.3 Significant accounting estimates and assumptions

The preparation of the Company's Ind AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of 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.

Fair value measurement of financial instruments

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

	As at March 31, 2019 Amt in ₹
3 Cash and Cash Equivalents	
Balances with banks:	
Balance in current account	4,59,690
TOTAL	4,59,690
4 Other Financial Assets	
Unsecured, considered good	
Current	
Security and other deposits	10,000
TOTAL	10,000
5 Other Assets	
Unsecured, considered good	
Current	
Advances recoverable in cash or in kind	492
Balances with statutory/ Government authorities	2,850
TOTAL	3,342

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6 Equity Share capital

Authorised share capital

50,000 Equity Shares of ₹ 10 each

Issued, subscribed and fully paid up share capital

50,000 Equity Shares of ₹ 10 each fully paid up

	As at March 31, 2019 Amt in ₹
	5,00,000
	5,00,000
TOTAL	5,00,000

Notes:

(a) Reconciliation of the number of the shares outstanding at the beginning and at the end of the reporting period:

	As at March 31, 2019	
	No.	Amt in ₹
At the beginning of the period	-	-
Issued during the period	50,000	5,00,000
Outstanding at the end of the period	50,000	5,00,000

(b) Terms/rights attached to equity shares:

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by parent company

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

	As at March 31, 2019 Amt in ₹
Adani Ports and Special Economic Zone Limited, the parent company and its nominee	
50,000 Equity Shares of ₹ 10 each fully paid	5,00,000

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

	As at March 31, 2019	
Particulars	No.	%
Equity shares of ₹ 10 each fully paid		
Adani Ports and Special Economic Zone Limited, the parent company and its nominee	50,000	100

7 Other Equity

Retained earnings (refer note below)

Opening Balance

Add : (Loss) for the period

Closing Balance

	As at March 31, 2019 Amt in ₹
	-
	(47,853)
TOTAL	(47,853)

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

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8 Trade payables

Payables to micro, small and medium enterprises (refer note 15)
Trade payables to others

	As at March 31, 2019 Amt in ₹
	-
	18,885
TOTAL	18,885

9 Other Liabilities**Current**

Statutory liability

	As at March 31, 2019 Amt in ₹
	2,000
TOTAL	2,000

10 Other Expenses

Legal and Professional Expenses
Payment to Auditors (refer note 1 below)
Miscellaneous Expenses

	For the period May 21, 2018 to March 31, 2019 Amt in ₹
	16,718
	20,000
	11,135
TOTAL	47,853

Note: 1**Payment to Auditor****As Auditor:**

Audit fee
Limited review

In other Capacity

Certification Fees

Reimbursement of expenses

	For the period May 21, 2018 to March 31, 2019 Amt in ₹
	20,000
	-
	-
	-
TOTAL	20,000

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11 Financial Instruments, Financial Risk and Capital Management :

11.1 Category-wise Classification of Financial Instruments:

Particulars	Refer Note	Amt in ₹	
		As at March 31, 2019	
		Amortised Cost	Carrying Value
Financial Asset			
Cash and Cash Equivalents	3	4,59,690	4,59,690
Other financial assets	4	10,000	10,000
Total		4,69,690	4,69,690
Financial Liabilities			
Trade payables	8	18,885	18,885
Total		18,885	18,885

11.2 Financial Instrument measured at Amortised Cost

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

11.3 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 principal financial assets include cash and cash equivalents that derive directly from its operations.

The Company's risk management activities are subject to the management, direction and control under the framework of Risk Management Policy as approved by the Board of Directors of the Company. The Management 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.

Since the company has not started any operations the company is not exposed to any significant risk.

11.4 Capital management

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

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

Particulars	Refer note	Amt in ₹
		March 31, 2019
Net debt (total debt less cash and cash equivalents)		-
Total Equity	6	5,00,000
Total Equity and Net Debt		5,00,000
Gearing ratio		-

12 Earnings per share

loss attributable to equity shareholders of the company
 Weighted average number of equity shares
 Basic and Diluted earning per share (in ₹)

March 31, 2019**Amt in ₹**

(47,853)
 40,000
 (1.20)

13 Contingent liabilities not provided for

Based on the information available with the Company, there is ₹ nil contingent liability at the period ended March 31, 2019

14 Segment information

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

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

16 Related Parties Disclosures

Particulars	Name of Company
Parent Company	Adani Ports and Special Economic Zone Ltd ('APSEZL')

Terms and conditions of transactions with related parties

Outstanding balances of related parties at the period-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 period ended March 31, 2019, 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 period ended with these parties have been given below.

Transactions	Name of Related Party	Amt in ₹
		March 31, 2019
Issue of Equity Shares	Adani Ports and Special Economic Zone Ltd	5,00,000
Reimbursements	Adani Ports and Special Economic Zone Ltd	11,135

17 Standard issued but not effective:

The amendments to standards that are issued and new standards 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, 2019. These amendments maintain convergence with IFRS by incorporating amendments issued by International Accounting Standards Board(IASB) into Ind AS and has amended/issued the following standards:

1. Ind AS 116-Leases
2. Ind AS 12-Income Taxes
3. Ind AS 19-Employee Benefits

These amendments are effective for annual periods beginning on or after April 01, 2019.

The Company is assessing the potential effect of the amendments on its financial statements. The Company will adopt these amendments, if applicable, from their applicability date.

18 Events occurring after the Balance sheet Date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of April 29, 2019, there were no subsequent events to be recognized or reported that are not already disclosed.

The accompanying notes form an integral part of financial statements
As per our report of even date

For G. K. CHOKSI & CO.
Firm Registration No.: 101895W
Chartered Accountants

For and on behalf of Board of Directors of

Sandip A Parikh
Partner
Membership No. 40727

G J Rao
[Director]
DIN: 01724002

Pranav Choudhary
[Director]
DIN: 08123475

Place: Ahmedabad
Date: April 29, 2019

Place: Ahmedabad
Date: April 29, 2019