



Ref No: APSEZL/SECT/2016-17/145

November 10, 2016

**BSE Limited**  
Floor 25, P J Towers,  
Dalal Street,  
Mumbai – 400 001  
**Scrip Code: 532921**

**National Stock Exchange of India Limited**  
Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051  
**Scrip Code: ADANIPTS**

**Sub: Intimation under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir,

We are pleased to inform you that pursuant to the powers delegated to the Finance Committee by the Board of Directors of Adani Ports and Special Economic Zone Limited (the "Company"), the Finance Committee has approved the unaudited reviewed condensed consolidated interim financial statements of the Company.

The unaudited reviewed condensed consolidated interim financial statements are enclosed herewith and the same is being uploaded on the website of the Company.

The meeting commenced at 7:00 p.m. and concluded at 7:40 p.m.

You are requested to take the same on your record.

Thanking you,

Yours faithfully,

**For Adani Ports and Special Economic Zone Limited**

  
**B. Ravi**  
**Chief Financial Officer**



Encl: a/a

Adani Ports and Special Economic Zone Ltd  
Adani House  
Nr Mithakhali Circle, Navrangpura  
Ahmedabad 380 009  
Gujarat, India

Tel +91 79 2656 5555  
Fax +91 79 2555 5500  
info@adani.com  
www.adani.com  
CIN: L63090GJ1998PLC034182

**Report on Review of Condensed Consolidated Interim Financial Information**

The Board of Directors  
Adani Ports and Special Economic Zone Limited

We have reviewed the accompanying condensed consolidated interim financial statements of Adani Ports and Special Economic Zone Limited ("the Company"), and its subsidiaries (together referred to as "the Group") and joint venture companies, which comprises the condensed consolidated interim balance sheet as at September 30, 2016 and the related condensed consolidated statements of profit and loss and cash flows and changes in equity for the half year ended September 30, 2016, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as the "Condensed Consolidated Interim Financial Statements"). The Condensed Consolidated Interim Financial Statements have been prepared by the Company in accordance with requirements of Indian Accounting Standard (Ind AS) 34, Interim Financial Reporting, specified under the section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting principles and policies.

The Condensed Consolidated Interim Financial Statements are the responsibility of the Company's management and have been approved by the Board of Directors. Our responsibility is to issue a report on the Condensed Consolidated Interim Financial Statements based on our review.

**Scope of Review**

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review and on consideration of reports of other auditors on the separate half yearly interim condensed financial information and on the other financial information of the components, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Statements have not been prepared, in all material respects, in accordance with requirements of Indian Accounting Standard (Ind AS) 34, Interim Financial Reporting, specified under the section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies.

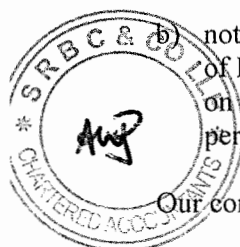
**Emphasis of Matter**

We draw attention to:

- a) note 3.10(a) of the Condensed Consolidated Interim Financial Statements regarding basis of recognition of certain project service revenue during the half year ended September 30, 2014, as more fully described in the said note.

- b) note 3.13 (b) of the Condensed Consolidated Interim Financial Statements regarding the recognition of Minimum Alternate Tax ('MAT') credit entitlement in respect of certain interest income based on the consideration that the Company would be able to claim tax holiday benefit on the same, as per provision of section 80IAB of the Income Tax Act, 1961, more fully described in the said note.

Our conclusion is not qualified in respect of these matters.



Adani Ports and Special Economic Zone Limited  
Limited Review Report on Condensed Consolidated Interim Financial Statements  
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## Other Matters

We did not review total assets of ₹ 8,370.99 crores (net of eliminations of ₹ 94.67 crores) as at September 30, 2016 and revenue of ₹ 1,082.83 crores (net of eliminations of ₹ 62.20 crores) and net cash inflows of ₹ 62.09 crores for the half year ended September 30, 2016, included in the accompanying Condensed Consolidated Interim Financial Statements, relating to 16 subsidiaries, whose financial information have been reviewed by the other auditors and whose reports have been furnished to us by the management. Our conclusion on the Condensed Consolidated Interim Financial Statements, in so far as it relates to the affairs of such components is based solely on the report of other auditors.

The Company will prepare and issue its first complete Ind AS financial statements as at and for the year ending March 31, 2017. Until the first complete Ind AS financial statements are issued, the balances in the Condensed Consolidated Interim Financial Statements can change if (a) there are any new Ind AS standards issued through March 31, 2017, (b) there are any amendments/ modifications made to existing Ind AS standards or interpretations thereof through March 31, 2017 effecting the Ind AS balances in these financial statements and (c) if the Company makes any changes in the elections and/or exemptions selected on adoption of Ind AS at its transition date of April 1, 2015.

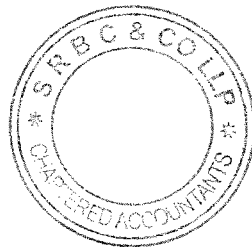
The Company has prepared a separate set of unaudited consolidated financial results of the Group for the quarter and half year ended September 30, 2016, being submitted by the Company pursuant to the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, on which we issued a separate review report dated October 25, 2016.

The accompanying condensed consolidated interim financial statements has been prepared solely for the purpose of inclusion in the Offering Circulars in respect of the proposed issuance of International Bonds by the Company on Singapore Stock Exchange. This report is not to be used for any other purpose or referred to in any document or distributed to anyone without our prior written consent.

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



per Arpit K. Patel  
Partner  
Membership Number: 34032



Place: Ahmedabad  
Date: 10 NOV 2016

**ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED**

Condensed Consolidated Balance Sheet as at September 30, 2016

(₹ in Crore)

	As at September 30, 2016	As at March 31, 2016
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,223.45	16,381.32
Capital work-in-progress	3,103.80	2,045.07
Goodwill	2,678.31	2,678.31
Other Intangible assets	1,810.92	1,743.44
Financial assets		
Investments	409.75	408.36
Trade receivables	16.64	22.00
Loans	107.51	2,920.63
Other financial assets	1,489.00	2,126.27
Deferred tax assets (net)	1,406.13	1,170.86
Other non financial assets	2,232.02	1,789.70
	29,477.53	31,285.96
<b>Current assets</b>		
Inventories	615.08	211.88
Financial assets		
Investments	260.32	136.69
Trade receivables	2,269.45	1,936.58
Customers' bills discounted	444.74	499.51
Cash and cash equivalents	393.16	843.00
Bank balances other than above	1,088.73	435.24
Loans	3,141.03	1,567.85
Other financial assets	965.59	599.94
Other Current non financial assets	1,057.38	829.16
	10,235.48	7,059.85
<b>Total assets</b>	<b>39,713.01</b>	<b>38,345.81</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity share capital	414.19	414.19
Other equity	14,963.68	12,995.11
Equity attributable to equity holders of the parent	15,377.87	13,409.30
Non-controlling interests	129.44	126.74
<b>Total equity</b>	<b>15,507.31</b>	<b>13,536.04</b>
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	15,669.98	15,819.80
Other financial liabilities	65.33	68.27
Net employee defined benefit liabilities	5.55	4.80
Other non-current liabilities	1,027.09	1,009.67
	16,767.95	16,902.54



ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

Condensed Consolidated Balance Sheet as at September 30, 2016

(₹ in Crore)

	As at September 30, 2016	As at March 31, 2016
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	3,581.04	3,133.81
Customers' bills discounted	444.74	499.51
Trade payables	430.88	403.29
Other financial liabilities	2,344.88	3,523.67
Provisions	40.82	35.80
Net employee defined benefit liability	32.00	25.20
Liabilities for current tax(net)	87.82	30.96
Other current liabilities	475.57	254.99
	<u>7,437.75</u>	<u>7,907.23</u>
<b>Total liabilities</b>	<b>24,205.70</b>	<b>24,809.77</b>
<b>Total equity and liabilities</b>	<b>39,713.01</b>	<b>38,345.81</b>

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed consolidated financial statements.

As per our report of even date.

For S R B C & CO LLP

Firm Registration No.: 324982E/E300003

Chartered Accountants

  
per Arpit K. Patel


Partner  
Membership No. 34032





Place : Ahmedabad

Date:  
10 NOV 2016

For and on behalf of the Board of Directors

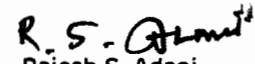
  
Gautam S. Adani  
[Chairman and Managing  
Director]  
DIN : 00006273

  
Dr. Malay Mahadevia  
[Wholetime Director]  
DIN : 00064110

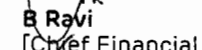
  
Dipti Shah  
[Company Secretary]

Place : Ahmedabad

Date:  
10 NOV 2016

  
Rajesh S. Adani  
[Director]

DIN : 00006322

  
B Ravi  
[Chief Financial  
Officer]



ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

Condensed Consolidated Statement of Profit and Loss for the half year ended September 30, 2016

(₹ In Crore)

	Half Year ended September 30,2016	Half Year ended September 30,2015
<b>Income</b>		
Revenue from operations	4,009.63	3,522.93
Other income	48.06	31.14
Finance income	442.80	279.10
<b>Total income</b>	<b>4,500.49</b>	<b>3,833.17</b>
<b>Expenses</b>		
Operating expenses	1,008.93	852.84
Employee benefits expense	157.83	137.70
Depreciation and amortization expense	563.25	521.32
Finance costs	503.91	681.60
Other expenses	221.63	237.12
<b>Total expenses</b>	<b>2,455.55</b>	<b>2,430.58</b>
<b>Profit before share of profit of an associate and joint ventures and tax</b>	<b>2,044.94</b>	<b>1,402.59</b>
Share of profit of an associate and joint ventures	27.55	7.48
<b>Profit before tax</b>	<b>2,072.49</b>	<b>1,410.07</b>
<b>Tax expense:</b>		
Current tax	410.89	410.55
Deferred tax	51.45	60.63
Less: Tax (credit) under MAT	(319.07)	(357.37)
<b>Income tax expense</b>	<b>143.27</b>	<b>113.81</b>
<b>Profit for the Period</b>	<b>1,929.22</b>	<b>1,296.26</b>
Attributable to:		
Equity holders of the parent	1,926.52	1,321.42
Non-controlling interests	2.70	(25.16)
<b>Other Comprehensive Income</b>		
Re-measurement gains (losses) on defined benefit plans	(2.79)	(1.69)
Income tax effect	0.73	0.58
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	(2.06)	(1.11)
<b>Total comprehensive income for the period, net of tax</b>	<b>1,924.46</b>	<b>1,320.31</b>
Attributable to:		
Equity holders of the parent	1,924.46	1,320.31
Non-controlling interests	2.70	(25.16)
Paid up Equity Share capital (Face value of ₹ 2 each)	414.19	414.19
Earnings per Share - (Face value of ₹ 2 each) Basic and Diluted (in ₹) (Not Annualised)	9.30	6.38

Explanatory notes annexed.

The explanatory notes form an integral part of these condensed consolidated financial statements.

As per our report of even date.

For S R B C & CO LLP

Firm Registration No.: 324982E/E300003

Chartered Accountants

*Arpit K. Patel*

per Arpit K. Patel

Partner

Membership No. 34032



Place : Ahmedabad

Date: 10 NOV 2016

For and on behalf of the Board of Directors

*Gautam S. Adani*

Gautam S. Adani  
[Chairman and Managing Director]  
DIN : 00006273

*Dr. Malay Mahadevia*

Dr. Malay Mahadevia  
[Wholtime Director]  
DIN : 00064110

*Dipti Shah*

Dipti Shah  
[Company Secretary]

*R. S. Adani*

Rajesh S. Adani  
[Director]  
DIN : 00006322

*B. Rav*

B. Rav  
[Chief Financial Officer]

Place : Ahmedabad

Date:

10 NOV 2016



**ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED**  
**Condensed Consolidated Cash Flow Statement for half year ended September 30, 2016**

(₹ In Crore)

	Half Year ended September 30,2016	Half Year ended September 30,2015
Cash flows from operating activities	1,404.64	1,497.67
Cash flow (used ) in investing activities	(272.66)	(4,044.85)
Cash flow (used in)/from financing activities	(1,581.82)	2,205.66
Net (decrease) in cash and cash equivalents	(449.84)	(341.52)
Cash and cash equivalents at the beginning of the period	843.00	445.23
Cash and cash equivalents at the end of the period	393.16	103.71
<b>Component of cash and cash equivalents</b>		
Cash on hand	0.02	0.08
Balances with banks		
- On current accounts	323.03	79.10
- On current accounts earmarked for unpaid dividend	1.01	1.20
- On fixed deposit accounts	7.04	23.33
- Checks in hand	62.06	-
<b>Cash and cash equivalents at the end of the period</b>	<b>393.16</b>	<b>103.71</b>


As per our report of even date.

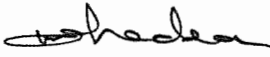
For S R B C & CO LLP  
 Firm Registration No.: 324982E/E300003  
 Chartered Accountants

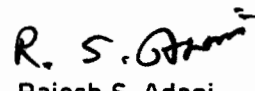
For and on behalf of the Board of Directors

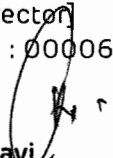
  
 per Arpit K. Patel  
 Partner  
 Membership No. 34032

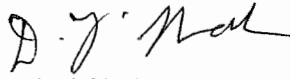


  
 Gautam S. Adani  
 [Chairman and Managing Director]  
 DIN : 00006273

  
 Dr. Malay Mahadevia  
 [Wholetime Director]  
 DIN : 00064110

  
 Rajesh S. Adani  
 [Director]  
 DIN : 00006322

  
 B Ravi  
 [Chief Financial Officer]

  
 Dipti Shah  
 [Company Secretary]

Place : Ahmedabad  
 Date : 10 NOV 2016

Place : Ahmedabad  
 Date : 10 NOV 2016



ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED  
Statement of changes in Equity for the period ended September 30, 2016

Particulars	Attributable to the equity holders of the parent										Total	Non-controlling interest	Total equity
	Equity share capital	Equity component of convertible preference shares	Security premium	Retained Earnings	Other Reserves	Items of OCI	Foreign Currency Translation reserve	Other Comprehensive Income FV/OCI Reserve	Foreign Currency monetary item translation difference Reserve	Debt Redemption Reserve			
Balance as at April 1, 2016	414.19	165.88	2,535.70	1,623.22	8,190.34	(261.71)	638.88	(0.02)	102.82	13,409.30	126.74	13,536.04	
Profit for the period	-	-	-	1,926.52	1,926.52	-	-	-	-	1,926.52	2.70	1,929.22	
Other comprehensive income for the period	-	-	-	(2.06)	(2.06)	-	-	-	-	(2.06)	-	(2.06)	
<b>Total Comprehensive income for the period</b>	-	-	-	<b>1,924.46</b>	<b>1,924.46</b>	-	-	-	-	<b>1,924.46</b>	<b>2.70</b>	<b>1,927.16</b>	
Add : Foreign currency (loss) during the period	-	-	-	-	-	(24.94)	-	-	-	(24.94)	-	(24.94)	
Less : Amortised in consolidated statement of profit and loss	-	-	-	-	-	69.05	(317.50)	-	-	69.05	-	69.05	
Allocated to / (Reduced from) Debenture Redemption reserve	-	-	-	317.50	-	-	-	-	-	-	-	-	
Allocated to / (Reduced from) Debenture Redemption reserve	-	-	-	-	(210.81)	-	210.81	-	-	-	-	-	
<b>Balance as at September 30, 2016</b>	<b>414.19</b>	<b>165.88</b>	<b>2,535.70</b>	<b>1,940.72</b>	<b>9,903.99</b>	<b>(217.60)</b>	<b>532.19</b>	<b>(0.02)</b>	<b>102.82</b>	<b>15,377.87</b>	<b>129.44</b>	<b>15,507.31</b>	

The accompanying notes are an integral part of the condensed consolidated financial statements.

As per our report of even date

For S R B C & CO LLP  
Firm Registration No.: 324982E/3000003  
Chartered Accountants



*Ajay Patel*  
per Ajit K. Patel

Partner  
Membership No. 34032

Place : Ahmedabad  
Date :

10 NOV 2016

For and on behalf of the Board of Directors

*Gautam S. Adani*  
Gautam S. Adani  
[Chairman and Managing Director]  
DIN : 00006273

*Dr. Malay Mahadevia*  
Dr. Malay Mahadevia  
[Wholesale Director]  
DIN : 00064110

*Dipti Shah*  
Dipti Shah  
[Company Secretary]

Place : Ahmedabad  
Date :

10 NOV 2016

*R. S. Adani*  
R. S. Adani  
[Director]  
DIN : 00006322

*B. Rav*  
B. Rav  
[Chief Financial Officer]





ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

Statement of changes in Equity for the period ended September 30, 2015

Particulars	Attributable to the equity holders of the parent							Total equity		
	Equity share capital	Equity component of convertible preference shares	Security premium	Retained Earnings	Other Reserves	Items of OCI	Total equity belonging to shareholders of parent		Non-controlling interest	
			General Reserve	Net Surplus in Statement of profit and loss	Foreign Currency monetary item translation difference Reserve	Debt Redemption Reserve	Comprehensive Income-FVTOCI Reserve			
<b>Balance as at April 1, 2015</b>	414.01	165.88	2,644.12	6,333.89	(202.70)	399.38	92.15	11,167.27	141.77	11,309.04
Profit for the period	-	-	-	1,321.42	-	-	-	1,321.42	(25.16)	1,296.26
Other comprehensive income for the period	-	-	-	(1.11)	-	-	-	(1.11)	-	(1.11)
<b>Total comprehensive income for the period</b>	-	-	-	1,320.31	-	-	-	1,320.31	(25.16)	1,295.15
Cash Dividends	-	-	-	(227.80)	-	-	-	(227.80)	-	(227.80)
Dividend distribution tax (DDT)	-	-	-	(46.38)	-	-	-	(46.38)	-	(46.38)
Foreign currency (loss) during the period	-	-	-	-	(91.60)	-	-	(91.60)	-	(91.60)
Amortised in consolidated statement of profit and loss	-	-	-	-	43.12	-	-	43.12	-	43.12
Issue of share as per Merger Scheme (Refer note 3.17)	310.65	-	-	-	-	-	-	310.65	-	310.65
Cancellation of Adani Enterprise Limited share as per Demerger scheme (Refer note 3.17)	(310.47)	-	-	-	-	-	-	(310.47)	-	(310.47)
Excess of Net Assets taken over and share issued under Scheme of Demerger (Refer note 3.17)	-	-	26.80	-	-	-	-	26.80	-	26.80
Transfer from/(to) Retained earnings (net)	-	-	-	(303.03)	-	303.03	-	-	-	-
Transfer from/(to) General Reserve (net)	-	-	115.88	-	-	(115.88)	-	-	-	-
Adjustment of Bond Issue Expenses as per Section 52(2) (c) of the Companies Act	-	-	(38.07)	-	-	-	-	(38.07)	-	(38.07)
Adjustment of Premium paid on buy back of debentures as per Section 52 (2) (c) of the Companies Act	-	-	(42.20)	-	-	-	-	(42.20)	-	(42.20)
Adjustment of Difference between Issue price and face value of bond as per Section 52 (2) (c) of the Companies Act	-	-	(19.80)	-	-	-	-	(19.80)	-	(19.80)
Inflow from the minority	-	-	-	-	-	-	-	-	10.40	10.40
<b>Balance as at September 30, 2015</b>	414.19	165.88	2,544.05	7,076.99	(251.18)	586.53	92.15	12,091.83	127.01	12,218.84

The accompanying notes are an integral part of these condensed consolidated financial statements.

As per our report of even date

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

*Arpit K. Patel*  
per Arpit K. Patel  
Partner  
Membership No. 34032

For and on behalf of the Board of Directors

*Gautam S. Adani*  
Gautam S. Adani  
[Chairman and Managing Director]  
DIN : 00006273

*Dr. Malay Mahadevia*  
Dr. Malay Mahadevia  
[Wholesale Director]  
DIN : 00064110

*R. S. Adani*  
Rajesh S. Adani  
[Director]  
DIN : 00006322

*B Rav*  
B Rav  
[Chief Financial Officer]



*Dipti Shah*  
Dipti Shah  
[Company Secretary]

Place : Ahmedabad  
Date : 08 NOV 2016

Place : Ahmedabad  
Date : 08 NOV 2016

**1 Corporate information**

The Consolidated financial statements comprise financial statements of Adani Ports and Special Economic Zone Limited (the "Company, APSEZL") and its subsidiaries (collectively, the "Group") for the period ended September 30, 2016. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognized stock exchanges in India.

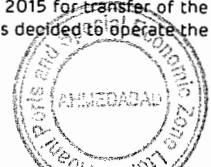
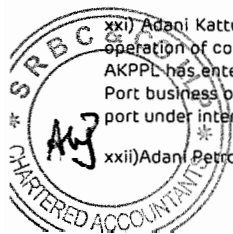
The Company is in the business of development, operations and maintenance of port infrastructure and has linked multi product Special Economic Zone (SEZ) and related infrastructure contiguous to Port at Mundra. The initial port infrastructure facilities at Mundra including expansion thereof through development of additional port terminals and south port terminal infrastructure facilities are developed pursuant to the concession agreement with Government of Gujarat (GoG) and Gujarat Maritime Board (GMB) for 30 years period effective from February 17, 2001. At Mundra, the Company has expanded port infrastructure facilities through approved supplementary concession agreement (pending to be concluded) which will be effective till the year 2040, whereby port infrastructure has been developed at Wandh at Mundra to handle coal cargo. The said agreement is in the process of getting signed with GoG and GMB although Coal terminal at Wandh is recognized as commercially operational w.e.f. February 01, 2011.

The first Container terminal facilities (CT-1) developed at Mundra, was transferred under sub-concession agreement entered into on January 7, 2003 between Mundra International Container Terminal Limited (MICTL) (erstwhile Adani Container (Mundra) Terminals Limited) and the Company wherein the Company has given rights to MICTL to handle the container cargo for a period of 28 years i.e. up to February 17, 2031. Similarly, the container terminal facilities developed at South Port location (CT-3) has been leased under approved sub concession agreement dated October 17, 2011 to (50:50) joint venture company, Adani International Container Terminal Private Limited (AICTPL), co-terminate with main concession agreement with GMB. The said sub-concession agreement is pending to be concluded with GOG and GMB.

The Multi Product Special Economic Zone developed at Mundra by the Company along with port infrastructure facilities is approved by the Government of India vide their letter no. F-2/11/2003/EPZ dated April 12, 2006 and subsequently amended from time to time till date. The Company has also set up Free Trade and Warehousing Zone at Mundra based on approval of Ministry of Commerce and Industry vide letter no.F.1/16/2011-SEZ dated January 04, 2012. The Company has also set up additional Multi Product Special Economic Zone at Mundra Taluka over an area of 1,856 hectares as per approval from Ministry of Commerce and Industry vide approval letter dated April 24, 2015. The Company has received approval for clubbing of three notified SEZ in Mundra vide letter dated March 15, 2016 of Ministry of Commerce and Industry, Department of Commerce (SEZ Section).

The entities considered for consolidation and their nature of operations are as follows:

- i) Adani Logistics Limited (ALL), a 100% subsidiary of APSEZL, has developed multi-modal cargo storage-cum-logistics services through development of Inland Container Depots (ICDs) and Container Freight Stations (CFSs) at various strategic locations and operates container trains on specific railway routes as per concession agreement entered into with Ministry of Railways, Government of India.
- ii) MPSEZ Utilities Private Limited (MUPL), is a 100% subsidiary of APSEZL, has developed infrastructure including operation, development, maintenance, improvement, and extension of utility services (including power distribution) of every description at Mundra Special Economic Zone in Kutch district (Gujarat).
- iii) Mundra SEZ Textile and Apparel Park Private Limited, a 51.41% subsidiary of APSEZL & 5.57% investment held through ALL (a 100% subsidiary of APSEZL), has set up an integrated textile park under the scheme of Ministry of Textiles, Government of India in Special Economic Zone at Mundra, Kutch district (Gujarat).
- iv) Karnavati Aviation Private Limited, a 100% subsidiary of APSEZL, is engaged in providing non scheduled (passenger) airline services through its aircrafts.
- v) Adani Petronet (Dahej) Port Private Limited (APPPL), a 74% subsidiary of APSEZL, has developed a Solid Cargo Port Terminal and related port infrastructure facilities of bulk cargo at Dahej, (Gujarat).
- vi) Adani Murmugao Port Terminal Private Limited, a 74% subsidiary of APSEZL, has developed port infrastructure facilities i.e. coal handling terminal at Murmugao, Goa.
- vii) Mundra International Airport Private Limited, a 100% subsidiary of APSEZL, has plan to set up air cargo operations at Kawai, Rajasthan.
- viii) Adani Hazira Port Private Limited, a 100% subsidiary of APSEZL, has developed multi - cargo terminal and related infrastructure at Hazira - Surat (Gujarat). The further expansion of port facilities is under development.
- ix) Hazira Infrastructure Private Limited, a step down subsidiary of APSEZL, a 100% subsidiary of Adani Hazira Port Private Limited has plans to develop and construct rail corridor between Surat and Hazira along with related infrastructure subject to approval by Railway Board and Government of Gujarat.
- x) Hazira Road Infrastructure Private Limited, a step down subsidiary of APSEZL, a 100% subsidiary of Adani Hazira Port Private Limited has decided to foreclose the plan to develop highway infrastructure project and wind up the Company.
- xi) Adinath Polyfills Private Limited - the APSEZL has strategically acquired the entity with full controlling interest.
- xii) Adani Vizag Coal Terminal Private Limited, is a 100% subsidiary of APSEZL. The Company has developed Port infrastructure facilities at East Quay for handling steam coal at Visakhapatnam Port.
- xiii) Adani Kandla Bulk Terminal Private Limited, is a 74% subsidiary of APSEZL. The Company has developed a Dry Bulk terminal off Tekra near Tuna outside Kandla creek at Kandla Port.
- xiv) Adani Warehousing Services Private Limited, is a 100% subsidiary of APSEZL. The Company is formed to provide warehousing / storage facilities and other related services.
- xv) Adani Ennore Container Terminal Private Limited, is a 100% subsidiary of APSEZL. The Company is developing container terminal and other related infrastructure at Ennore Port.
- xvi) Adani Hospitals Mundra Private Limited, is a 100% subsidiary of APSEZL. The Company provides hospital and related services at Mundra.
- xvii) The Dhamra Port Company Limited ("DPCL"), has become wholly owned subsidiary of the Company w.e.f. June 23, 2014 and is operating bulk cargo port infrastructure facilities at Dhamra in the state of Odisha.
- xviii) Adani Food and Agro Processing Park Private Limited is incorporated on May 05, 2015, as a 100% subsidiary of the Company. The Company is formed to provide food and agro processing related infrastructure services. The Company is currently evaluating the possible business plan.
- xix) Abbott Point Operations Pty Limited is incorporated on May 15, 2015 as a 100% subsidiary of the Company.
- xx) Adani Vizhinjam Port Private Limited is incorporated on July 27, 2015 as a 100% subsidiary of the Company. The Company is developing port and other related infrastructure at Vizhinjam.
- xxi) Adani Kattupalli Port Private Limited (AKPPL) is incorporated on August 14, 2015 as a 100% subsidiary of APSEZL, with an objective for development and operation of container terminal at Kattupalli Tamil Nadu. AKPPL has entered into implementation agreement with L&T shipbuilding Limited (LTSB) and Larsen & Toubro Limited on November 09, 2015 for transfer of the Port business of LTSB, Kattupalli subject to the approvals from government authorities and further till the approval is received, AKPPL has decided to operate the port under interim operate arrangement w.e.f. November 01, 2015.
- xxii) Adani Petroleum Terminal Private Limited has been incorporated as wholly owned subsidiary of the company on April 26, 2016.



## ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

### Notes to the Condensed Consolidated Financial Statements for the half year ended September 30, 2016

xxiii) Dhamra LPG Terminal Private Limited, a step down subsidiary of APSEZL, a 100% subsidiary of Adani Petroleum Terminal Private Limited has an objective for development of LPG storage and evacuation facilities at Dhamra.

xxiv) Adani LPG Terminal Private Limited, a step down subsidiary of APSEZL, a 100% subsidiary of Adani Petroleum Terminal Private Limited has an objective for development of LPG storage and evacuation facilities at Mundra.

xxv) Dhamra LNG Terminal Private Limited, a step down subsidiary of APSEZL, a 100% subsidiary of Adani Petroleum Terminal Private Limited has an objective for development of LNG storage and evacuation facilities at Dhamra.

xxvi) Dholera Infrastructure Private Limited (DIPL), an entity in which APSEZL holds 49% of equity, was incorporated with the main object of developing, maintaining and operating infrastructure facilities on November 22, 2006 under the Companies Act, 1956. The company through its subsidiary is in the process of developing port and infrastructure facilities. Under Ind AS 110, it has been evaluated that APSEZL has defacto control over DIPL and accordingly is considered as subsidiary for consolidation purpose.

xxvii) Dholera Port And Special Economic Zone Limited, a 100% subsidiary of Dholera Infrastructure Private Limited was incorporated on August 31, 1998 under the provisions of Companies Act, 1956. The Company was in the process of developing a port at Dholera.

xxviii) Mundra Solar Technopark Private Limited (MSTPL) remained Company's wholly owned subsidiary till September 03, 2015 and then remained Company's associate by holding 49.5% till March 05, 2016. MSTPL is co-developer at Special Economic Zone at Mundra developing Electronic Manufacturing Cluster.

## 2 Significant accounting policies

### 2.1 Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, Adani Ports and Special Economic Zone Limited Limited ('the Company') and its subsidiaries, (collectively referred to as 'the Group') has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 01, 2016. Previous period numbers in the condensed consolidated financial statements have been restated as per Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of condensed consolidated financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 01, 2015 and of the comprehensive net income for the half year ended September 30, 2015. The accompanying condensed consolidated interim financial statements has been prepared solely for the purpose of inclusion in the Offering Circulars in respect of the proposed issuance of International Bonds by the Company.

These condensed consolidated financial statements have been prepared in accordance with Ind AS 34 Interim Financial Reporting as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013. The date of transition to Ind AS is April 01, 2015. There is a possibility that these condensed financial statements may require adjustments before constituting the final Ind AS financial statements as of and for the year ending March 31, 2017 due to changes in financial reporting requirement arising from new or revised standards or interpretations issued by Ministry of Corporate Affairs to changes in the use of one or more optional exemptions from full retrospective application of certain Ind AS permitted under Ind AS 101. Refer to note 3.1 for information on how the Group has adopted Ind AS. The condensed consolidated 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 Condensed Consolidated financial statement are presented in INR and all values are rounded to the nearest crores (INR 00,00,000), except when otherwise stated.

### 2.2 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at September 30, 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- > Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- > Exposure, or rights, to variable returns from its involvement with the investee, and
- > The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- > The contractual arrangement with the other vote holders of the investee
- > Rights arising from other contractual arrangements
- > The Group's voting rights and potential voting rights
- > The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

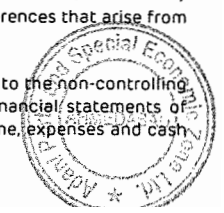
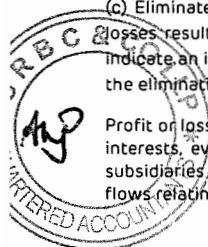
Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- ▶ Derecognises the assets (including goodwill) and liabilities of the subsidiary
- ▶ Derecognises the carrying amount of any non-controlling interests
- ▶ Derecognises the cumulative translation differences recorded in equity
- ▶ Recognises the fair value of the consideration received
- ▶ Recognises the fair value of any investment retained
- ▶ Recognises any surplus or deficit in profit or loss
- ▶ Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.3 Summary of significant accounting policies

### a. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### b. Current versus non-current classification

The Group 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 realized or intended to be sold or consumed in normal operating cycle
- > Held primarily for the purpose of trading
- > Expected to be realized 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 Group 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 realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

### c. Foreign currency transactions :

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

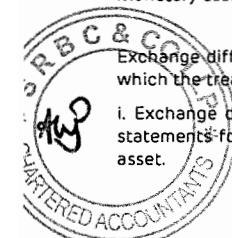
#### Transactions and balances

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

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

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception stated under Clause 3.1.1 (d), for which the treatment is as below :

- i. Exchange differences arising on long-term foreign currency monetary items (including funds used for projects work in progress) recognised in the financial statements for the year ended March 31, 2016 and related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.



## ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

### Notes to the Condensed Consolidated Financial Statements for the half year ended September 30, 2016

ii. Exchange differences arising on other outstanding long term foreign currency monetary items as at March 31, 2016 are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

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

#### Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

#### d. Fair value measurement

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

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

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

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

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

External valuers are involved for valuation of unquoted financial assets and financial liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with The Group's external valuers, which valuation techniques and inputs to use for each case.

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

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

For the purpose of fair value disclosures, the Group 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.

#### e. Revenue recognition

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

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

##### Rendering of services

Revenue from port operation services / multi-modal and transportation service including cargo handling, storage and rail infrastructure are recognized on proportionate completion method basis based on services completed till reporting date. Revenue on take-or-pay charges are recognized for the quantity that is the difference between annual agreed tonnage and actual quantity of cargo handled. The amount recognized as a revenue is exclusive of service tax and education cess where applicable.

Income in the nature of license fees / royalty is recognized as and when the right to receive such income is established as per terms and conditions of relevant agreement.

##### Income from long term leases

As a part of its business activity, The Group leases/ sub-leases land on long term basis to its customers. In some cases, The Group enters into cancellable lease / sub-lease transaction, while in other cases, it enters into non-cancellable lease / sub-lease transaction apart from other criteria to classify the transaction between the operating lease or finance lease. The Group recognizes the income based on the principles of leases as set out in Ind AS 17 "Leases" and accordingly in cases where the land lease / sub-lease transaction are cancellable in nature, the income in the nature of upfront premium received / receivable is recognized on operating lease basis i.e. on a straight line basis over the period of lease / sub-lease agreement / date of Memorandum of understanding takes effect over lease period and annual lease rentals are recognized on an accrual basis.

In cases where land lease / sub-lease transaction are non-cancellable in nature, the income is recognized on finance lease basis i.e. at the inception of lease / sub-lease agreement / date of Memorandum of understanding takes effect over lease period, the income recognized is equal to the present value of the minimum lease payment over the lease period (including non-refundable upfront premium) which is substantially equal to the fair value of land leased / sub-leased. In respect of land given on finance lease basis, the corresponding cost of the land and development costs incurred are expensed off in the statement of profit and loss.

##### Deferred Infrastructure Usage

Income from infrastructure usage fee collected upfront basis from the customers is recognized over the balance contractual period on straight line basis.



**ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED**

**Notes to the Condensed Consolidated Financial Statements for the half year ended September 30, 2016**

**Development of Infrastructure Assets**

In case the Group is involved in development and construction of infrastructure assets where the outcome of the project cannot be estimated reasonably, revenue is recognized when all significant risks and rewards of ownership in the infrastructure assets are transferred to the customer and all critical approvals necessary for transfer of the project are received / obtained.

**Non Scheduled Aircraft Services**

Revenue from chartered services is recognized when the service is performed under contractual obligations.

**Utilities Services**

Revenue is recognized as and when the service performed under contractual obligations and the right to receive such income is established. Delayed payment charges are accounted as and when received.

**Contract Revenue**

Revenue from construction contracts is recognized on a percentage completion method, in proportion that the contract costs incurred for work performed up to the reporting date stand to the estimated total contract costs indicating the stage of completion of the project. Contract revenue earned in excess of billing has been reflected under the head "Other Current Assets" and billing in excess of contract revenue has been reflected under the head "Other Current Liabilities" in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen and cost incurred towards future contract activity is classified as project work in progress.

Income from fixed price contract - Revenue from infrastructure development project / services under fixed price contract, where there is no uncertainty as to measurement or collectability of consideration is recognized based on milestones reached under the contract.

**Interest income**

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

**Dividends**

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**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.

**f. Government Grants**

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

**g. Taxes**

Tax expense comprises of current income tax and deferred tax.

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax (including Minimum Alternate Tax (MAT)) is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

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

**Deferred tax**

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

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

> When the deferred tax liability arises from the initial recognition of 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.

> In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

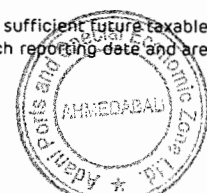
Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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

> In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The Company is eligible and claiming tax deductions available under section 80IAB of the Income Tax Act, 1961 w.e.f FY 2007-08. Some of the subsidiaries and joint venture company are eligible for section 80IA benefits. In view of Company availing tax deduction under Section 80IAB of the Income Tax Act, 1961, deferred tax has been recognized in respect of temporary difference, which reverse after the tax holiday period in the year in which the temporary difference originate and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. For recognition of deferred tax, the temporary difference which originate first are considered to reverse first.

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





**ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED****Notes to the Condensed Consolidated Financial Statements for the half year ended September 30, 2016**

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.

The Group recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Group 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 Group recognizes tax credits as an asset, the said asset is created by way of tax credit to the consolidated statement of profit and loss. The Group reviews the such tax credit asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

**h. Property, plant and equipment (PPE)**

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

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

The Group adjusts exchange differences arising on translation difference/settlement of long term foreign currency monetary items outstanding as at March 31, 2016 and pertaining to the acquisition of a depreciable asset to the cost of asset and depreciates the same over the remaining life of the asset. The depreciation on such foreign exchange difference is recognised from first day of the financial year.

Borrowing cost relating to acquisition / construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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

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

Assets	Estimated Useful life
Leasehold Land	Right to Use Over the balance period of Concession Agreement and approved Supplementary Concession Agreement
Leasehold Land Development	Over the balance period of Concession Agreement and approved Supplementary Concession Agreement by Gujarat Maritime board as applicable.
Marine Structure, Dredged Channel, Building RCC Frame Structure	50 Years as per concession agreement
Dredging Pipes - Plant and Machinery	1.5 Years
Nylon and Steel coated belt on Conveyor - Plant and Machinery	4 Years and 10 Years respectively
Inner Floating and outer floating hose, String of Single Point Mooring - Plant and Machinery	6 Years
Fender, Buoy installed at Jetty - Marine Structures	5 - 10 Years
Bridges, Drains & Culverts	25 Years as per concession agreement
Carpeted Roads - Other than RCC	10 Years
Tugs	20 Years as per concession agreement

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

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

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

**i. Intangible assets**

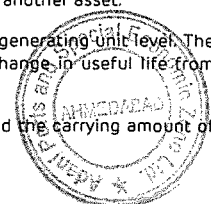
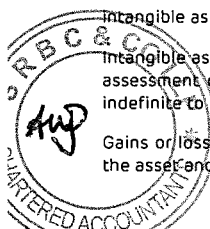
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

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

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

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



**ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED****Notes to the Condensed Consolidated Financial Statements for the half year ended September 30, 2016**

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

Intangible Assets	Estimated Useful life
Software applications	5 Years based on management estimate
License Fees paid to Ministry of Railway (MOR) for approval for movement of Container Trains	Over the license period of 20 years
Right to Use of Land	Over the period of agreement between 10-20 years
Right of use to develop and operate the port facilities	Over the balance period of Sub-Concession Agreement

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

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

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

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

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

**j. Borrowing costs**

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

**k. Leases**

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

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

**Group as a lessee**

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

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

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

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

**Group as a lessor**

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**l. 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 accounted for on an accrual basis.

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

Costs incurred that relate to future contract activities are recognised as "Project Work in Progress".

Project work in progress comprise specific contract costs and other directly attributable overheads including borrowing costs which can be allocated on specific contract cost is, valued at lower of cost and net realisable value.

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

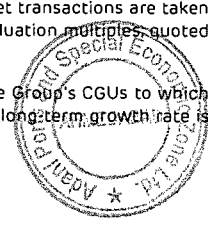
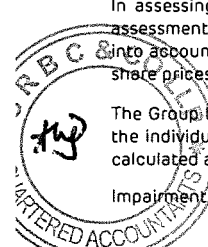
**m. Impairment of non-financial assets**

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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





## ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

### Notes to the Condensed Consolidated Financial Statements for the half year ended September 30, 2016

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at every year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Company of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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

#### n. Provisions

##### General

Provisions are recognised when the Group 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.

##### Operational Claim provisions

Provisions for operational claims are recognised when the service is provided to the customer. Further recognition is based on historical experience. The initial estimate of operational claim related cost is revised annually.

#### o. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group 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 recognised as a liability after deducting the contribution already paid.

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated 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 Group 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 Group 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 Group 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.

#### p. 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, except investment in subsidiaries, associates and joint ventures are recognised initially at fair value.

###### Subsequent measurement

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

- > Debt instruments at amortised cost
- > Debt instruments and derivative instruments at fair value through profit or loss (FVTPL)
- > Equity instruments measured at fair value through other comprehensive income (FVTOCI)

###### 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.

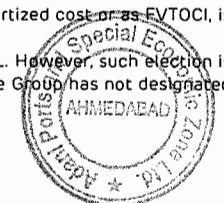
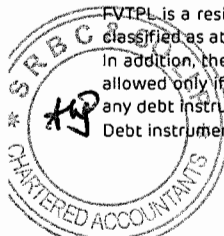
This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that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

###### Debt instrument at FVTPL

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

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

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



## ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

Notes to the Condensed Consolidated Financial Statements for the half year ended September 30, 2016

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI.

There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, The Group may transfer the cumulative gain or loss within equity.

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

### Derecognition

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

- > The rights to receive cash flows from the asset have expired, or
- > The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

### Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances
- b) Financial assets that are debt instruments and are measured as at other comprehensive income (FVTOCI)
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

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

- > Trade receivables or contract revenue receivables; and
- > All lease receivables resulting from transactions within the scope of Ind AS 17

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

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

ECL is the difference between all contracted cash flows that are due to the Group in accordance with the contract and all the cashflows that the Group 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, or as derivatives, as appropriate.

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

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

#### Subsequent measurement

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

#### Financial liabilities at fair value through profit or loss

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

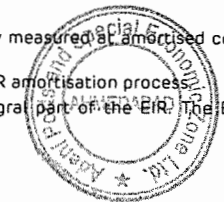
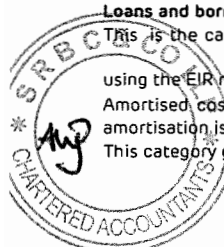
Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

#### Loans and borrowings

This is the category most relevant to the Group. 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.



**ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED**

**Notes to the Condensed Consolidated Financial Statements for the half year ended September 30, 2016**

**Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value through profit or loss (FVTPL), adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**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.

**q. Derivative financial instruments**

**Initial recognition and subsequent measurement**

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

Any gains or losses arising from changes in the fair value of derivative financial instrument are recognised in the statement of profit and loss and reported with foreign exchange gains/(loss) not within results from operating activities. Changes in fair value and gains/(losses) on settlement of foreign currency derivative financial instruments relating to borrowings, which have not been designated as hedge are recorded as finance expense.

**r. Redeemable preference shares**

Redeemable preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on redemption.

Transaction costs are apportioned between the liability and equity components of the redeemable preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

**s. Cash and cash equivalents**

Cash and cash equivalent 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 consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of The Group's cash management.

**t. Cash dividend to equity holders of the parent**

The Company recognises a liability to make cash to equity holders of the parent 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.



## ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

Notes to the Condensed Consolidated Financial Statements for the half year ended September 30, 2016 (Contd....)

### 3 Explanatory Notes

#### 3.1 First-time adoption of Ind-AS

These Condensed Consolidated financial statements, for the half year ended September 30, 2016, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Group prepared its annual Consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared Condensed Consolidated financial statements which comply with Ind AS applicable for the half year ending on September 30, 2016, together with the comparative period data, as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at March 31, 2016 and the condensed Consolidated profit and loss for the half year ended September 30, 2015. Further, There is a possibility that this half yearly financial information along with the preliminary/provisional financial statements as of and for the year ended March 31, 2016 may require adjustment before constituting the final Ind AS financial statements as of and for the year ending March 31, 2017.

#### 3.1.1 Options availed on the first time adoption of Ind AS 101

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

- (a) Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before transition date i.e., April 01, 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Group did not recognise or derecognised any previously recognised amounts as a result of Ind AS recognition requirements.

Ind AS 101 also requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind AS balance sheet (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the Group has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at April 01, 2015.

- (b) The Group has elected to avail exemption under Ind AS 101 to use India GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment and intangible assets as per the statement of financial position prepared in accordance with previous GAAP.
- (c) The Group has designated unquoted equity instruments other than investments in subsidiaries and joint venture entities held at April 01, 2015 as fair value through OCI investments. The Group has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for investments in subsidiaries and joint venture entities as per the statement of financial position prepared in accordance with previous GAAP.
- (d) The Group has elected to avail exemption under Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items outstanding and recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.
- (e) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.
- (f) The Group holds 50% interest in Adani International Container Terminal Private Limited (AICTPL) and Adani CMA Mundra Terminal Private Limited (ACMTPL), and exercises joint control over the entity. Under Indian-GAAP group has proportionately consolidated its interest in the AICTPL and ACMTPL in the Consolidated Financial Statement. On transition to Ind AS the group has assessed and determined that AICTPL and ACMTPL are its joint ventures under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of carrying amount of assets and liabilities that the group had previously proportionately consolidated.
- (g) The Group has evaluated that it is impracticable to apply Appendix A to Ind AS 11 retrospectively, and accordingly elected to apply exemption under Ind AS 101, use previous carrying amounts of intangible assets, after testing for impairment, as their carrying amounts at the date of transition to Ind AS.



(h) Estimates :

The estimates at April 01, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

> FVTOCI – unquoted equity shares

> Impairment of financial assets based on the risk exposure and application of ECL model

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 01, 2015, the date of transition to Ind AS and as of March 31, 2016.

### 3.2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated 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.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Consolidation of entities in which the Group holds less than a majority of voting rights (de facto control)

The Group considers that it controls Dholera Infrastructure Private Limited (DIPL) even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of DIPL with a 49% equity interest. The remaining 51% of the equity shares in Dholera Infrastructure Private Limited are held by another shareholder. Based on evaluation of terms and conditions of share purchase agreement, the Group has able to exercise de facto control over DIPL as per the provisions of Ind-AS 110 "Consolidated Financial Statements".

#### 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 Group based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

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

#### Taxes

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

#### Defined benefit plans (gratuity benefits)

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

#### Fair value measurement of financial instruments

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



3.3 Reconciliation of total comprehensive income between previously reported (referred to as "Previous GAAP") and Ind AS for the half year ended September 30, 2015 is presented as under :-

3.3.1 Reconciliation of total comprehensive income:-

(₹ In Crore)

Sr no	Nature of Adjustments	Period Ended
		September 30, 2015
	<b>Net Profit as per Previous GAAP</b>	<b>1,308.34</b>
i)	Remeasurement cost of net defined benefit liability (refer note (a) below)	1.68
ii)	Net gain/(loss) on financial assets / liabilities fair valued through statement of profit and loss (refer note (b) below)	(3.45)
iii)	Restatement of profits eliminated in case of major ports covered under Service Concession Arrangements (refer note (c) below)	(3.22)
iv)	Reversal of Amortisation of Goodwill (refer note (d) below)	1.41
v)	Measurement of Grant as Deferred Income (refer note (e) below)	10.61
vi)	Deferred tax impact on above adjustments (refer note (f) below)	6.05
	<b>Total</b>	<b>13.08</b>
	<b>Net profit before OCI as per Ind AS</b>	<b>1,321.42</b>
	Other comprehensive Income (net of tax)	(1.11)
	<b>Total comprehensive income as per Ind AS</b>	<b>1,320.31</b>

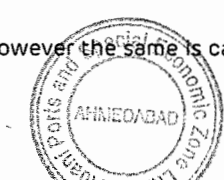
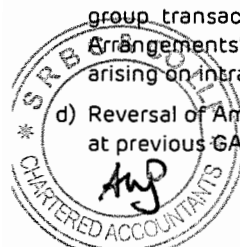
3.3.2 Reconciliation of equity:-

(₹ In Crore)

Sr no	Nature of Adjustments	As on	As on	As on
		April 01, 2015	September 30, 2015	March 31, 2016
	<b>Equity as per Previous GAAP</b>	<b>10,767.87</b>	<b>11,955.29</b>	<b>13,223.63</b>
	<b>Add:</b>			
i)	Fair Valuation of ICD (refer note (b) below)	5.14	6.73	8.32
ii)	Reversal of Margin eliminated from Major Port entities covered under Service Contract Arrangements (refer note (c) below)	99.49	99.49	99.49
iii)	Measurement of Grant as Deferred Income (refer note (e) below)	(110.85)	(100.24)	(93.73)
iv)	Classification of preference shares as Compound instrument (refer note (g) below)	(143.59)	(143.59)	(143.59)
v)	Fair Valuation of equity instruments (refer note (h) below)	92.11	92.11	107.42
vi)	Reversal of Proposed Dividend and Tax thereon (refer note (i) below)	274.06	-	-
vii)	Adjustment for uniform Accounting Policy- MITAP Finance Lease (refer note (j) below)	(24.13)	(23.15)	(22.17)
viii)	Deferred tax asset on unrealised profit(refer note (k) below)	171.02	176.42	185.12
ix)	Change in Joint Venture accounting from Proportionate Consolidation to Equity Consolidation	63.70	63.70	79.00
x)	Other adjustments	(27.55)	(34.93)	(34.19)
	<b>Total adjustments</b>	<b>399.40</b>	<b>136.54</b>	<b>185.67</b>
	<b>Equity as per Ind AS to the extent pertaining to equity shareholders of parent</b>	<b>11,167.27</b>	<b>12,091.83</b>	<b>13,409.30</b>

Footnotes to the reconciliation of profit and loss for the period ended September 30, 2015 and equity as at April 01, 2015, September 30, 2015 and March 31, 2016 :

- a) Remeasurement cost of net defined liability : Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.
- b) i) Fair valuation for Financial Assets and Financial Liabilities : The Company has valued financial assets (other than investment in joint ventures which are accounted at cost) and Financial Liabilities, at fair value. Impact of fair value changes as on date of transition, is recognised in opening reserves and changes thereafter are recognised in Statement of Profit and Loss Account or Other Comprehensive Income, as the case may be.  
ii) Borrowings ( part of Financial Liabilities ) : Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.
- c) Restatement of profits eliminated in case of major ports covered under Service Concession Arrangements : The profit/loss on intra-group transactions related to major ports covered under the guidance given in Appendix A of Ind As 11 ' Service Concession Arrangements', have been considered as realised and accordingly, not required to be eliminated. Under previous GAAP, the profit/loss arising on intra-group transactions have been eliminated in full.
- d) Reversal of Amortisation of Goodwill : The goodwill on amalgamation was amortised under previous GAAP however the same is carried at previous GAAP carrying value in accordance with Ind AS 101 and tested for impairment.





- e) Measurement of Government Grant as Deferred Income : The government grant related to fixed assets was netted off with the cost under the previous GAAP. The same is accounted as deferred income under Ind-AS.
- f) Deferred Tax : Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.
- g) Classification of Preference Shares as Compound Instrument :- The group has issued non-convertible redeemable preference shares. The preference shares carry fixed dividend which is non-discretionary. Under Indian GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit. Under Ind AS, non-convertible preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method.
- h) Fair Valuation of equity instruments :- Under Indian GAAP, the Group accounted for long term investments in unquoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.
- i) Reversal of Proposed Dividend and Tax thereon :- Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Group, the declaration of final dividend occurs after period end. Therefore, the liability for the year ended on March 31, 2015 recorded for dividend has been derecognised against retained earnings on April 01, 2015 and the same liability was recognised in the financial year 2015-16.
- j) Adjustment for uniform Accounting Policy- MITAP Finance Lease :- Under Indian GAAP, there is no specific guidance for contracts that involves of land. Under Ind AS, leases of land is recognised as operating or finance lease as per definition and classification criteria. Where the land lease is for several decades, generally it qualifies as a finance lease even though the right of land may not transfer at the end of the lease term. On account of this, we have reclassified lease from operating to financial lease.
- k) Deferred Tax asset on unrealised profit : The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to Reserves, on the date of transition, with consequential impact to the Statement of Profit and Loss account for the subsequent periods.
- Under Ind AS, Deferred tax should be calculated on temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions. Accordingly, Deferred Tax on temporary difference has been created on elimination of unrealised margin resulting from Inter-company transactions.
- l) Other comprehensive income : Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.
- m) Statement of cash flows : The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.



3.4 The carrying value of financial instruments by categories as of September 30, 2016 is as follows :

(₹ In Crore)

Particulars	Fair Value through other Comprehensive income	Fair Value through profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	-	393.16	393.16
Bank balances other than cash and cash equivalents	-	-	-	1,088.73	1,088.73
Investments	221.85	9.98	-	438.24	670.07
Trade Receivables (including bill discounted)	-	-	-	2,730.83	2,730.83
Loans	-	-	-	3,248.54	3,248.54
Various outstanding Derivative Transactions	-	-	91.17	-	91.17
Financial Guarantees, received	-	30.08	-	-	30.08
Other Financial assets	-	-	-	2,333.34	2,333.34
<b>Total</b>	<b>221.85</b>	<b>40.06</b>	<b>91.17</b>	<b>10,232.84</b>	<b>10,585.92</b>
<b>Financial Liabilities</b>					
Borrowings(including the bills discounted )	-	-	-	21,292.74	21,292.74
Trade Payables	-	-	-	430.88	430.88
Various outstanding Derivative Transactions	-	-	67.36	-	67.36
Financial Guarantees, given	-	53.87	-	-	53.87
Other Financial Liabilities	-	-	-	692.00	692.00
<b>Total</b>	<b>-</b>	<b>53.87</b>	<b>67.36</b>	<b>22,415.62</b>	<b>22,536.85</b>

The carrying value of financial instruments by categories as of March 31, 2016 is as follows :

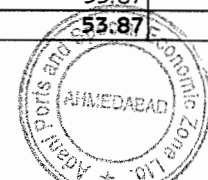
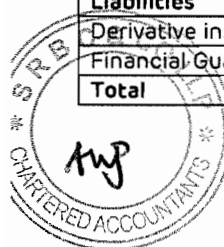
(₹ In Crore)

Particulars	Fair Value through other Comprehensive income	Fair Value through profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total
<b>Financial Assets</b>					
Cash and cash equivalents	-	-	-	843.00	843.00
Bank balances other than cash and cash equivalents	-	-	-	435.24	435.24
Investments	221.85	136.69	-	186.51	545.05
Trade Receivables (including bill discounted)	-	-	-	2,458.09	2,458.09
Loans	-	-	-	4,488.48	4,488.48
Various outstanding Derivative Transactions	-	-	25.56	-	25.56
Financial Guarantees, received	-	30.08	-	-	30.08
Other Financial assets	-	-	-	2,670.58	2,670.58
<b>Total</b>	<b>221.85</b>	<b>166.77</b>	<b>25.56</b>	<b>11,081.90</b>	<b>11,496.08</b>
<b>Financial Liabilities</b>					
Borrowings(including the bills discounted )	-	-	-	22,341.65	22,341.65
Trade Payables	-	-	-	403.29	403.29
Various outstanding Derivative Transactions	-	-	81.65	-	81.65
Financial Guarantees, given	-	53.87	-	-	53.87
Other Financial Liabilities	-	-	-	567.90	567.90
<b>Total</b>	<b>-</b>	<b>53.87</b>	<b>81.65</b>	<b>23,312.84</b>	<b>23,448.35</b>

3.5 (a) Fair Value hierarchy :

(₹ In Crore)

Particulars	As at September 30, 2016			As at March 31, 2016		
	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>Assets</b>						
Investment (other than investment in joint venture and associates)	9.98	221.85	231.83	136.69	221.85	358.54
Derivative instrument	91.17	-	91.17	25.56	-	25.56
Financial Guarantees, received	-	30.08	30.08	-	30.08	30.08
<b>Total</b>	<b>101.15</b>	<b>251.93</b>	<b>353.08</b>	<b>162.25</b>	<b>251.93</b>	<b>414.18</b>
<b>Liabilities</b>						
Derivative instruments	67.36	-	67.36	81.65	-	81.65
Financial Guarantees, given	-	53.87	53.87	-	53.87	53.87
<b>Total</b>	<b>67.36</b>	<b>53.87</b>	<b>121.23</b>	<b>81.65</b>	<b>53.87</b>	<b>135.52</b>





**(b) Description of significant unobservable inputs to valuation:**

Particulars	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
FVTOCI assets in unquoted equity shares	DCF Method	Weighted Average Cost of Capital (WACC)	31 March 2015 : 19.23% - 27.49% (23.36%) 31 March 2016 : 12.11% - 27.49% (19.80%)	1% (March 31 2015: 1%) increase in WACC will decrease the fair value of the unquoted equity shares by ₹ 10.10 crore (March 31, 2015: ₹ 8.6 crore)
		Perpetual Growth Rate for Subsequent years	31 March 2015 : 2% - 5% (3.5%) 31 March 2016 : 2% - 5% (3.5%)	1% (March 31 2015: 1%) decrease in Perpetual Growth Rate will decrease the fair value of the unquoted equity shares by ₹ 4.36 crore (March 31, 2015: ₹ 3.66 crore)
Financial guarantee obligations	Based on the outstanding value of guarantee	Counterparty Non performance risk	The Value of Financial Guarantee is based on the outstanding whereby it is considered at 1% of the Outstanding amount of Guarantee	0.1% (March 31 2015: 0.1%) decrease would result in decrease in fair value by ₹ 1.64 crore (March 31, 2015: ₹ 0.92 crore)
Financial guarantee receivable	Based on the outstanding value of guarantee	Counterparty Non performance risk	The Value of Financial Guarantee is based on the outstanding whereby it is considered at 1% of the Outstanding amount of Guarantee	0.1% (March 31 2015: 0.1%) decrease would result in decrease in fair value by ₹ 0.03 crore (March 31, 2015: ₹ 0.03 crore)

The discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

**3.6 Financial Risk objective and policies**

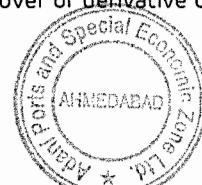
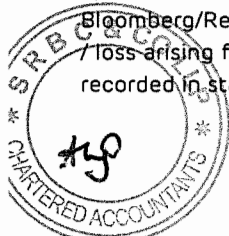
The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations/projects and to provide guarantees to support its operations.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

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

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

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

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



### Interest rate risk

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

### Foreign currency risk

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

### Equity price risk

The Group's non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

The Group has given corporate guarantees and pledged part of its investment in equity in order to fulfil the collateral requirements of the group companies. The counterparties have an obligation to return the guarantees/ securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

### 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 Group is exposed to credit risk from its operating activities (primarily trade receivables and other financial assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Group'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.

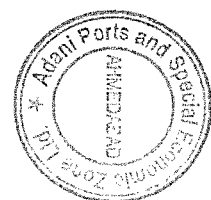
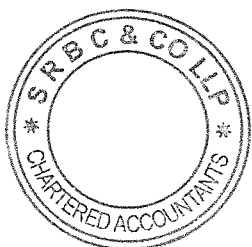
An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group'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.

- 3.7 Finance cost for the half year ended September 30, 2016 includes gain on derivatives / swap contracts of ₹ 83.09 crore (corresponding previous period loss of ₹ 14.63 crore).
- 3.8 a) During the half year ended on September 30, 2016, the Group has issued commercial papers valuing ₹ 7,995.00 crore carrying interest rate in range of 6.56 % p.a. to 9.25 % p.a. and has redeemed commercial papers of ₹ 8,196.00 crore.
- b) During the half year ended on September 30, 2016, the Group has issued non convertible debentures(NCDs) valuing ₹ 1,954 crore carrying interest rate in the range of 9.05% p.a. to 9.35% p.a. and has redeemed NCDs of ₹ 1,272 crore.
- c) During the half year ended September 30, 2016, the Group raised borrowing in the nature of suppliers bills accepted in foreign currency letters of credit aggregating ₹ 1,852.61 crore carrying interest rate in the range of 0.23 % p.a. to 2.87% p.a.. The Group has also repaid such facilities to the tune of ₹ 1,164.79 crore.
- d) During the half year ended September 30, 2016, the Group raised External Commercial Borrowings (ECB) aggregating ₹ 1,007.44 crore carrying interest rate in the range 2.84 % p.a. to 3.02 % p.a. and repaid ECB to the tune of ₹ 3,639.08 crore.



- 3.9 a) Revenue from Operations of the half year ended September 30, 2016 includes ₹ 192.70 crores towards project advisory services rendered for the development of Container Terminal Project. The income has been recognised based on completion of performance obligation as per the arrangement / agreement entered between the Company, joint venture entity and the service provider. The Container Terminal facilities are being developed in Joint Venture entity.
- b) Income from operations of the half year ended September 30, 2015 includes land lease/ infrastructure development income of ₹ 351.02 crore (net of unrealised profit of ₹ 344.07 crore) on account of lease of land to Mundra Solar Technopark Private Limited ("MSTPL"). MSTPL is a co-developer at Mundra Special Economic Zone developing Electronic Manufacturing Cluster in terms of Government of India approval from Ministry of Commerce & Industry, Department of Commerce, SEZ section. Also refer Note 1 (xxviii).
- c) The Company has completed the development of Container Terminal 4 infrastructure assets which will be transferred to joint venture entity, Adani CMA Mundra Terminal Private Limited ("ACMTPL"). Currently, the Company is temporarily operating the terminal facility w.e.f. July 01, 2016, pending government clearances for transfer of the facilities to ACMTPL. Income from cargo handled at the terminal is included in Income from Operations.
- d) Income from operations of the half year ended September 30, 2016 includes incentive under Government's Foreign Trade Policy 2015-20 on some of the Port Services income, for the current period and for the previous year, as per the information compiled thereof.
- 3.10 a) Based on the preliminary agreement dated September 30, 2014 entered by the Company with one of the co-developer at Mundra for development and maintenance of Liquefied Natural Gas (LNG) infrastructure facilities at Mundra (Mundra LNG Project). The Company during the quarter ended September 30, 2014, had recognised project service revenue of ₹ 200 crore towards land reclamation based on the activities completed, pending conclusion of definitive agreement. The Company and the party are still in the process of concluding a definitive agreement for Mundra LNG Project relating to development and lease of infrastructure facilities (including lease of land) although the land is being made available to the party for setting up the project facilities. The possible adjustments, if any, on execution of definitive agreement will be accounted later although the management does not expect any further adjustments in the books.
- b) As at September 30, 2016, the Company has spent ₹ 256.98 crores towards development of Port Infrastructure Facilities to support LNG Project at Mundra. Based on broader understanding as per Preliminary agreement between the Company and the party, the Company expects to sale / lease these infrastructure facilities once definitive agreement for Mundra LNG Project is concluded.
- 3.11 The Group has granted interest bearing inter-corporate loans and deposits aggregating ₹ 1,481.99 crore as at September 30, 2016 ( ₹ 2,200.25 crore as at March 31, 2016)(including renewals on due dates) to its related parties, excluding loans granted towards funding of development of specific ports and related infrastructure. The funds are advanced based on the business needs and exigencies and other cases to invest surplus fund or gave deposits to avail future commercial benefits with an option to purchase underlying assets.
- Further, the Group has also extended inter-corporate deposits aggregating ₹ 1,110.37 crore as at September 30, 2016 ( ₹ 1,217.37 crore as at March 31, 2016 ) (Including renewals on due dates) to third parties. The deposits are given at prevailing market interest rates. The inter-corporate deposits have been approved by the Finance committee of the Board of Directors.
- The Group has received adequate undertaking on record by its promoters' company to safeguard the full recovery of outstanding amount together with the interest. In the opinion of the Company, all these loans /deposits are considered good and realisable as at September 30, 2016.
- 3.12 The Group has identified reportable Segments as Port and activities at contiguous Special Economic Zone at the port and others for management reporting purpose, in terms of Indian Accounting Standard- 108 on 'Segment Reporting' as notified under section 133 of the Companies Act 2013 read with paragraph 7 of the Companies ( Accounting Standard) Rules, 2015. Other Segment mainly includes Aircraft Operating Income, Services as per Concession agreement with Government of India, Ministry of Railways for movement of Container Trains on specific Railway Routes and Multi-modal Cargo storage cum logistics services through development of Inland Container Depots at various strategic locations. The segment information on Condensed Consolidated Financial Statement with Segment wise Revenue, Result and Capital Employed is given below:-



(₹ In Crore)

Sr. No.	Particulars	Half year ended	
		September 30,2016	September 30,2015
<b>1</b>	<b>Segment Revenue</b>		
	a. Port and SEZ activities	3,702.28	3,271.87
	b. Others	436.76	427.73
	<b>Total</b>	<b>4,139.04</b>	<b>3,699.60</b>
	Less: Inter Segment Revenue	129.41	176.67
	<b>Net Sales/Income from operations</b>	<b>4,009.63</b>	<b>3,522.93</b>
<b>2</b>	<b>Segment Results Profit before tax and interest</b>		
	a. Port and SEZ activities	2,044.35	1,778.54
	b. Others	26.71	16.65
	<b>Total</b>	<b>2,071.06</b>	<b>1,795.19</b>
	Less: Finance Expense (Net of Derivative (Gain) / Loss)	503.91	681.60
	Add: Interest Income	442.80	279.10
	Add: Other unallocable income/(expenditure) (Net)	34.99	9.90
	<b>Profit Before Tax excluding share from joint venture</b>	<b>2,044.94</b>	<b>1,402.59</b>

(₹ In Crore)

Sr No.	Particulars	As at	As at
		September 30, 2016	March 31, 2016
<b>3</b>	<b>Segment Assets</b>		
	a. Port and SEZ activities	27,384.80	25,372.96
	b. Others	1,233.19	1,192.16
	<b>Sub-Total</b>	<b>28,617.99</b>	<b>26,565.12</b>
	c. Unallocable	11,095.02	11,780.69
	<b>Total Assets</b>	<b>39,713.01</b>	<b>38,345.81</b>
<b>4</b>	<b>Segment Liabilities</b>		
	a. Port and SEZ activities	2,154.34	1,293.36
	b. Others	143.78	151.31
	<b>Sub-Total</b>	<b>2,298.12</b>	<b>1,444.67</b>
	c. Unallocable	21,907.58	23,365.10
	<b>Total Liabilities</b>	<b>24,205.70</b>	<b>24,809.77</b>

**3.13 Contingent Liabilities**

(₹ In Crore)

Particulars	As at September 30, 2016	As at March 31, 2016
Corporate Guarantees given to banks and financial institutions against credit facilities availed by the joint venture entities	806.88	1,052.19
Corporate guarantees given to banks for credit facility availed by the erstwhile subsidiary company, Mundra Port Pty. Limited	Refer Note (a) below	Refer Note (a) below
Outstanding Bank Guarantees and letter of credit facilities availed by the joint venture entities against credit facilities of the Company	28.08	146.33
Bank Guarantees given to government authorities and bank (also includes DSRA bank guarantees given to bank on behalf of subsidiaries and erstwhile subsidiaries)	160.68	87.54
Various matters pending with customs and service tax authorities	99.49	94.64
Matters pending with Income tax authorities	Refer Note (b) below	Refer Note (b) below
Matters pending with Income tax authorities - Others	1.04	-
Various matters pending with other authorities	25.46	26.26
Other claims against Company not acknowledged as debts	2.36	2.26



**Note**

a) The Company had initiated and recorded the divestment of its entire equity holding in Adani Abbot Point Terminal Holdings Pty Limited ("AAPTHPL") and entire Redeemable Preference Shares holding in Mundra Port Pty Ltd ("MPPL") representing Australia Abbot Point Port operations to Abbot Point Port Holdings Pte Ltd, Singapore during the year ended March 31, 2013. The sale of securities transaction was recorded as per Share Purchase Agreement ('SPA') entered on March 30, 2013 including subsequent amendment thereto with a condition to have regulatory and lenders approvals. The Company has all the approvals except in respect of approval from one of the lenders who has given specific line of credit to MPPL and Foreign Investment Review Board (FIRB) approval. The Company received entire sale consideration except AUD 17.17 Million as at reporting date. The Company also has outstanding corporate guarantee to lender of USD 800 million against line of credit to MPPL, which is still outstanding and has also pledged its entire equity holding of 1,000 equity shares of AUD 1 each in MPPL at the reporting date in favour of lender. Outstanding loan against said corporate guarantee as on September 30, 2016 is USD 453.00 million.

During the year ended March 2014, the Company has received corporate guarantee ('Deed of Indemnity') against above outstanding corporate guarantee from Abbot Point Port Holding Pte Limited, Singapore which is effective till discharge of underlying liability.

b) The Company earns interest income on funds lend to various parties. The Company contends that such interest income are earned from existing and potential business associations and whereby concluded that such interest income has arisen from the Company's business activities and can be netted off with the interest expenditure which are incurred for business purposes while computing the deduction as per the provisions of section 80IAB/80IA of the Income Tax Act, 1961. The management represent that the income tax authorities has assessed in respect of assessment years up to 2011-12 based on order of CIT (Appeals). The income tax authorities have filed appeal with Income Tax Appellate Tribunal in the matter as regards netting off interest income with interest expenditure. Considering the representation of facts in the matter made by the Company, CIT (Appeals) order upholding the claims of the Company for the earlier years, and based on the expert's advice, the management does not expect the tax liabilities to crystallise on certain interest income earned during the subsequent financials years up to March 31, 2016/September 30, 2016 and accordingly, no provision is required for income tax on such income. Based on this, the Company has accounted higher MAT credit of ₹ 57.25 crore and ₹ 45.40 crore for the half year ended September 30, 2016 and corresponding half year ended September 30, 2015, respectively. Aggregate higher MAT credit entitlement of ₹ 298.11 crore as at September 30, 2016 has been accounted in the books of the Company. Recently, the Company has received a favourable order from Appellate Tribunal for assessment year 2008-09 in respect of specific interest income.

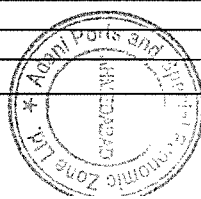
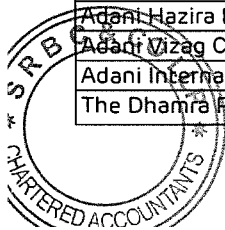
c) The Company has been availing tax holiday benefit u/s 80IAB of the Income Tax Act, 1961 on the taxable income. However, in view of the amendment in Income Tax Act, 1961 w.e.f. April 1, 2011 by Finance Act 2011, the Company is liable to pay Minimum Alternate Tax (MAT) on income from the financial year 2011-12. Based on the amendment, the Company has made provision of ₹ 332.03 crore (comparative period ₹ 359.71 crore) for current taxation based on its book profit for the half year ended on September 30, 2016 and has recognised MAT credit of ₹ 314.41 crore (comparative period ₹ 353.35 crore) as the management believes, it has convincing evidence in view of strategic volumes of cargo available with the Company and higher depreciation charge for accounting purposes than the depreciation for income tax purposes in the future period, whereby, the MAT credit will be utilized post tax holiday period w.e.f. financial year 2017-18.

MAT credit of ₹ 4.66 crore ( comparative period ₹ 4.02 crore) has been recognised in subsidiary entity, Adani Logistics Limited and Adani Hospitals Mundra Private Limited.

**3.14 Other Commitments**

- a) The port projects of subsidiary companies viz. Adani Hazira Port Private Limited, Adani Petronet (Dahej) Port Private Limited, Adani Murrugao Port Terminal Private Limited ("AMPTPL"), Adani Vizag Coal Terminal Private Limited, The Dhamra Port Company Limited ("DPCL") and joint venture company Adani International Container Terminal Private Limited ("AICTPL") have been funded through various credit/loan facility agreements with banks. Against the said facilities availed by the subsidiary companies/joint venture company from the banks, the Company has executed a Sponsor Undertaking and Pledge Agreements whereby 51% of the holding would be retained by the Company (in case of AICTPL jointly with the Joint Venture partner) at all points of time. Further, the Company is also required to pledge 30% (26% from the date of commencement of the operations) of its shareholding in the respective entities (in case of AICTPL, jointly with Joint Venture partner of which 12.98% shares held by Joint Venture partner are yet to be pledge with bank). The details of shareholding pledged by the Company is as follows :

Name of Subsidiaries / Joint Ventures	% of Non disposal undertaking (Apart from pledged)		% of Share Pledged of the total shareholding of investee company	
	As on Sept 30, 2016	As on Mar 31, 2016	As on Sept 30, 2016	As on Mar 31, 2016
Adani Petronet (Dahej) Port Pvt Ltd	21%	21%	30%	30%
Adani Hazira Port Private Limited	21%	21%	27%	27%
Adani Vizag Coal Terminal Pvt Ltd	21%	21%	26%	26%
Adani International Container Terminal Pvt Ltd	21%	21%	13%	13%
The Dhamra Port Company Limited	21%	21%	30%	30%



b) (i) Memorandum of Understanding (MoU) entered with group company to acquire non-controlling equity stake in the Company's two subsidiaries having port operations and an agri-infrastructure storage business under various concession agreements. Transaction is subject to final valuation and approval from relevant regulatory authorities. Advance given against proposed transaction ₹ 302 crore.

(ii) Memorandum of Understanding (MoU) with group companies entered to acquire immovable properties in the nature of flats/land rights. Transaction is subject to final valuation. Advance given against proposed transaction ₹ 340 crore.

(iii) Contract/ Commitment with group company for purchase of certain supplies. Advance given ₹ 400 crore.

c) On September 19, 2016, Adani Abbot Point Operations Pty Ltd. ('AAPOPL'), a wholly owned subsidiary of the Company executed a share purchase agreement to acquire 100% of the voting shares of Abbot Point Bulk Coal Pty Ltd, an unlisted company based in Australia, which is engaged in the business of running the port infrastructure facilities.

The acquisition of shares is subject to conditions precedents. The acquisition does not become binding on the parties and are of no force and effect unless and until the conditions specified in the agreement are satisfied. Subsequent to period ended September 30, 2016, on October 04, 2016, AAPOPL has taken control of Abbot Point Bulk Coal Pty Ltd. The Company has paid AUD 19.25 million including AUD 1.75 million refundable GST to acquire Abbot Point Bulk Coal Pty Ltd.

d) The Company has, through its subsidiary Adani Kattupalli Port Private Limited (AKPPL), entered into an in principle agreement for strategic acquisition of the Kattupalli Port in Tamil Nadu from L&T Shipbuilding Limited(LTSB), a subsidiary of Larsen & Toubro Limited. The transaction is subject to satisfaction of conditions precedents mentioned in the implementation agreement and the port being demerged from LTSB. While awaiting satisfaction of conditions precedents mentioned in the implementation agreement, APSEZ through AKPPL has entered into an arrangement to operate Kattupalli Port facilities w.e.f. November 01, 2015.

e) The subsidiary companies has imported capital good for its Container and Multipurpose Port Terminal Project under the Export Promotion Capital Goods Scheme of the Government of India at concessional rate of custom duty by undertaking obligation to export. Future outstanding export obligation under the scheme is ₹ 1,468.59 crore (March 31, 2016 ₹ 2,241.23 crore) which is equivalent to 6 to 8 times of duty saved. The export obligation has to be completed by financial year 2017-18, 2018-19 and 2019-20.

f) As at September 30, 2016, the Company has spent cost of ₹ 973.77 crores (March 31, 2016 ₹ 493 crore) towards development of Container Infrastructure Facilities at Mundra for subsequent to transfer / lease to joint venture entities. The Company expects to transfer / lease these infrastructure facilities once necessary approvals from government authorities are received for transfer / lease of such facilities and company concludes binding agreement with Joint Venture entities.

**3.15** Adani Petroleum Terminal Private Limited has been incorporated as wholly owned subsidiary of the Company on April 26, 2016.

**3.16** The East Coast Railway(ECOR) uses the railway line of Company's subsidiary, The Dhamra Port Company Limited, between Dhamra and Bhadrak for transportation of goods in accordance with the policy for participative models in rail connectivity and capacity augmentation issued by Railway Board vide the policy letter No. 2011/Infra/12/32 dated December 10, 2012.

The Non Government Railway Agreement has been signed between Ministry of Railway (MoR) & The Dhamra Port Company Ltd on November 01, 2015 and the company is recognising the revenue as per the provisions of the Agreement. In the current financial year share of revenues of ₹ 93.17 crores has been recognized in books for the period April 01, 2016 to September 30, 2016. Total outstanding receivable from ECoR as at September 30, 2016 is ₹ 182.40 crores (Previous year as at March 31, 2016 ₹ 174.86 crores) for which management is confident of recovery even though the amounts are received from Railways on irregular basis.

**3.17** During the half year ended September 30, 2015, the Company has given effect of composite scheme of arrangement w.e.f. April 01, 2015 as per sanction of Honourable High Court of Gujarat and filing of scheme with Registrar of Companies. In accordance with the terms of the scheme of arrangement, the Company has issued new equity shares to the equity shareholders of Adani Enterprises Limited ("AEL") in the ratio of 14,123 equity shares having face value of ₹ 2 each for every 10,000 equity shares with a face value of ₹ 1 held by each of the equity shareholders of AEL on June 08, 2015 and accordingly the equity shares held by AEL in the Company were cancelled pursuant to the scheme. Also the Company recorded the assets and liabilities of the Port Undertaking of AEL, transferred to and vested in the Company pursuant to this Scheme, at values appearing in the books of account of AEL as on the Appointed Date.

The excess of the Net Assets Value of the Port Undertaking, transferred and recorded by the Company over the face value of the new equity shares allotted amounting to ₹ 26.80 Crore has been credited to General Reserve Account of the Company as per the directions mentioned in the court scheme.



**ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED**

**3.18. Related parties with whom transaction have taken place during the half year ended September 30, 2016.**

Joint Venture	Adani International Container Terminal Private Limited Adani CMA Mundra Terminal Private Limited
Entities over which Key Management Personnel and their relatives are able to exercise Significant Influence	Abbot Point Port Holdings Pte Ltd- Singapore S.B.Adani Family Trust (SBAFT) Adani Foundation Adani Institute of Infrastructure Management Adani Properties Private Limited Delhi Golf Link Properties Private Limited Adani Townships And Real Estate Company Private Limited Mundra Port Pty Ltd, Australia Adani Infrastructure and Developers Private Limited Adani Mundra Sez Infrastructure Private Limited Shanti Builder
Entities over which major shareholders of the Company are able to exercise significant influence through voting powers.	Adani Agri Fresh Limited Adani Bunkering Private Limited Adani Enterprises Limited Adani Green Energy Limited Adani Gas Limited Adani Global F.Z.E. Adani Infra (India) Limited Adani Power Dahej Limited Adani Power Limited Adani Power Maharashtra Limited Adani Power Rajasthan Limited Adani Wilmar Limited Kutch Power Generation Limited Sarguja Rail Corridor Private Limited Mundra Solar PV Limited Udupi Power Corporation Limited Mundra Solar Technopark Private Limited Gautambhai S. Adani Family Trust
Key Management Personnel	Mr. Gautam S. Adani, Chairman and Managing Director Mr. Rajesh S. Adani, Director and brother of Mr. Gautam S. Adani Mr Karan G. Adani, Chief Executive Officer Dr. Malay Mahadevia, Wholetime Director Mr. Sudipta Bhattacharya, Chief Executive Officer/Director (till December 31, 2015) Mr. B.Ravi, Chief Financial Officer Ms. Dipti Shah, Company Secretary



ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

Detail of significant Related Party Transactions

(₹ In Crore)

Category	Name of Related Party	For the Period ended September 30, 2016	For the Period ended September 30, 2015
Income from Port Services / Other Operating Income	Adani Power Ltd	270.94	264.19
	Adani Enterprises Ltd	173.42	104.92
	Adani Power Rajasthan Ltd	62.30	17.48
	Others	94.76	148.09
Lease & Infrastructure Usage Income/ Upfront Premium	Mundra Solar Technopark Pvt Ltd	7.90	-
	Others	7.35	208.24
Purchase of Spares and consumables, Power & Fuel	Adani Power Ltd	41.74	53.19
	Others	11.23	11.23
Services Availed (including reimbursement of expenses)	Adani Power Ltd	7.72	11.01
	Adani Enterprises Ltd	6.96	12.07
	Adani International Container Terminal Pvt Ltd	1.62	0.02
	Others	0.46	1.07
Rent charges paid	Adani Infrastructure and Developers Pvt Ltd	0.68	0.26
	Others	0.04	0.41
Interest Income on deposits/deferred accounts receivable	Adani Infra (India) Limited	68.90	70.61
	Adani Agrifresh Ltd	57.54	62.73
	Adani Enterprises Ltd	45.43	-
	Adani Power Ltd	34.58	28.29
	Adani Bunkering Pvt Ltd	20.95	-
	Mundra Solar Technopark Pvt Ltd	20.78	0.05
Sales of Scrap and other Miscellaneous Income	Others	5.54	23.83
	Adani CMA Mundra Terminal Private Limited	3.61	-
	Adani International Container Terminal Pvt Ltd	1.90	1.30
Loans Given ( other than short period transactions with no outstanding balances - refer note 2 below)	Others	0.86	0.13
	Mundra Solar Technopark Pvt Ltd	129.80	48.41
	Others	3.30	12.21
Loans Received back	Mundra Solar Technopark Pvt Ltd	445.70	-
	Adani Infra (India) Limited	362.00	-
	Adani Agrifresh Ltd	359.25	-
	Others	0.30	26.09
Security Deposit Received back	Adani Enterprises Ltd	500.00	-
Donation	Adani Foundation	8.00	20.00
Purchase of Assets/Land usage rights (including advance)	Adani Enterprises Ltd	250.00	-
	Adani Properties Private Ltd	200.30	-
Remuneration / commission to Managing Director	Mr. Gautam S. Adani	1.40	1.40

Closing Balance		As at 30th Sept 2016	As at 31st March 2016
Trade Receivable	Adani Power Ltd	672.81	623.02
	Adani Enterprises Ltd	181.17	196.41
	Mundra Solar Technopark Pvt Ltd	175.02	196.44
	Adani Power Rajasthan Ltd	105.67	87.44
	Adani Power Maharashtra Ltd	102.89	96.31
	Others	50.67	33.71
		<b>1,288.22</b>	<b>1,233.32</b>
Loans & Advances (including advance receivable in cash or kind)	Adani Infra (India) Limited	806.85	1,168.85
	Adani Agrifresh Ltd	675.14	1,031.40
	Adani Bunkering Pvt Ltd	351.98	410.32
	Adani Enterprises Ltd	302.00	804.33
	Adani Power Ltd	200.00	200.00
	Others	34.15	358.63
		<b>2,370.12</b>	<b>3,973.53</b>
Capital Advances	Adani Properties Private Ltd	140.00	-
	Adani Mundra Sez Infrastructure Pvt. Ltd.	26.99	22.00
	Adani Bunkering Pvt Ltd	25.03	-
	Adani CMA Mundra Terminal Private Limited	-	0.28
		<b>192.02</b>	<b>22.28</b>
Trade Payable (including provisions)	Adani Power Ltd	8.52	10.00
	Adani Enterprises Ltd	4.70	12.49
	Adani CMA Mundra Terminal Private Limited	3.91	3.51
	Adani Properties Private Ltd	3.02	-
	Udupi Power Corporation Limited	2.32	-
	Others	1.59	11.66
		<b>24.06</b>	<b>37.66</b>
Advances from Customer/ Sales of Assets	Adani International Container Terminal Pvt Ltd	34.97	0.20
	Adani Bunkering Pvt Ltd	27.00	2.00
	Others	5.65	4.92
		<b>67.62</b>	<b>7.12</b>
Other Current Assets	Adani Infra (India) Limited	160.37	188.23
	Adani Power Ltd	159.72	125.81
	Adani Mundra Sez Infrastructure Pvt. Ltd.	51.85	51.85
	Adani Bunkering Pvt Ltd	29.56	11.96
	Adani Agrifresh Ltd	24.54	-
	Adani International Container Terminal Pvt Ltd	22.81	22.36
	Mundra Solar Technopark Pvt Ltd	18.70	5.30
	Others	106.18	97.45
		<b>573.73</b>	<b>502.96</b>
Other Current Liabilities	Mundra Solar Technopark Pvt Ltd	4.99	31.40
	Adani Wilmar Ltd	1.85	1.85
	Adani Enterprises Ltd	1.00	1.00
	Others	0.40	2.19
		<b>8.24</b>	<b>36.44</b>
Corporate Guarantee	Adani International Container Terminal Pvt Ltd	USD 87.5 Mn	USD 125 Mn
	Adani CMA Mundra Terminal Private Limited	224.00	224.00
	Mundra Port Pty Ltd, Australia	USD 800.00 Mn	USD 800.00 Mn
Corporate Guarantee (Deed of indemnity received)	Abbot Point Port Holdings Pte Ltd- Singapore	USD 800.00 Mn	USD 800.00 Mn

Note :-

- Item of a similar nature, which are not significant, have been disclosed on aggregate basis.
- The Company gave and received back interest bearing short period loans to related parties (₹ 1,065.00 crore) during period ended September 30, 2016 with Nil outstanding balance as at reporting period end.





3.19 During the half year ended September 30, 2015, the Company issued USD 650 million ( equivalent to ₹ 4,329.98 crore as at September 30, 2016), US Dollars denominated Notes in the international market during the half year ended September 30, 2015. The Notes bear fixed interest of 3.50 % p.a. and have been priced at 195 basis points over the 5 years US Treasury Note, at an issue price of 99.524 of their principal amount to yield 3.605%. The difference between the issue price and the face value of the Notes and the expenses related to issue of Notes aggregating ₹ 57.88 crore is adjusted against the Securities Premium account in terms of section 52 (2)(c) of the Companies Act, 2013.

3.20 Previous half year and year figures have been regrouped wherever necessary to conform to this half year's classification.

For SRBC & CO LLP

Firm Registration No.: 324982E/E300003

Chartered Accountants

Partner  
Arpit K. Patel



Partner  
Membership No. 34032

Place : Ahmedabad  
Date 10 NOV-2016

For and on behalf of the Board of Directors

Gautam S. Adani  
[Chairman and Managing  
Director]

DIN : 00006273

Dr. Malay Mahadevia  
[Whole-time Director]

DIN : 00064110

Dipti Shah  
[Company Secretary]

Place : Ahmedabad  
Date 10 NOV-2016

Rajesh S. Adani  
[Director]

DIN : 00006322

B. Ravji  
[Chief Financial Officer]

