Adani Township & Real Estate Company Private Limited
Statement of Profit and Loss for the year ended March 31, 2016

Particulars	Notes	Year ended March 31, 2016 Rs.	Year ended March 31, 2015 Rs.
Income:			
I. Revenue From Operation	19	2,68,05,90,602	2,94,44,84,283
II. Other Income	20	3,10,12,766	2,07,88,586
III. Total Revenue (I + II)		**2,71,16,03,368**	**2,96,52,72,869**
IV. Expenses:			
(a) Construction Cost	21	2,29,31,32,323	2,24,66,97,468
(b) Employee Benefits Expense	22	6,83,21,486	9,39,90,776
(c) Finance Costs	23	62,41,222	39,32,64,549
(d) Depreciation and Amortisation Expense	24	1,18,61,451	1,32,31,916
(e) Other Expenses	25	25,91,43,412	21,03,29,630
Total expenses		**2,63,86,99,894**	**2,95,75,14,339**
V. Profit before tax (III - IV)		**7,29,03,474**	**77,58,530**
VI. Provision for Taxation			
(a) Current Tax		1,49,19,788	16,36,430
(b) Less : MAT credit entitlement		(1,49,16,399)	(16,36,430)
(c) Net current tax expense		**3,389**	-
(d) Short / (Excess) provision for income tax relating to earlier years		(21,76,187)	-
Net tax expense		**(21,72,798)**	-
VII. Profit for the year (III-VI)		**7,50,76,272**	**77,58,530**
Earnings per share of face value Rs. 10 each	33		
Basic and Diluted		7.51	0.78
Significant accounting policies	2		

The accompanying notes are integral part of the financial statements.

As per our attached report of even date

For Dharmesh Parikh & Co.
Chartered Accountants
Firm Reg No.: 112054W

Kanti Gothi
Partner
(M. No. 127664)

Place: Ahmedabad
Date: 23/05/2016

For and on behalf of the Board of Directors
Adani Township & Real Estate Company Private Limited

Tarwinder Singh
Chairman
(DIN: 01509225)

Pankaj Modi
Director
(DIN: 02991060)

Vishal Shah
Company Secretary

Place: Ahmedabad
Date: 23/05/2016

Adani Township & Real Estate Private Limited
Notes forming part of the financial statements for the year ended March 31, 2016

1 COMPANY INFORMATION:

Adani Township and Real Estate Company Private Limited ("the Company") was incorporated on 28th August, 2012 by converting the erstwhile partnership firm M/s. Adani Township and Real Estate Company under Part IX of the Companies Act, 1956.

The Company is a developer of the Shantigram Township Project which includes residential, commercial, education, medical, entertainment, recreation and more other amenities.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting and preparation of financial statements :

The financial Statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and the comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rule (as amended) 2006, which continues to apply under Section 133 of the Companies Act 2013 read with Rule 7 of the companies (Accounts) Rules, 2014. The financial Statements are presented in Indian Rupees.
The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year.

b) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) Current-Non Current Classification :

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of activities and time between the activities performed and their subsequent realisation in cash or cash equivalents, the company has ascertained its operating cycle as 36 months for the purpose of current / non-current classification of assets and liabilities.

d) Inventories:

Costs of construction / development expenditure incurred on the Projects are accumulated under "Construction Work-in-progress" and the same is valued at cost or net realizable value, whichever is lower.

Construction / development expenditure includes all direct and indirect expenditure incurred on development of land / construction at site, overheads relating to site management and administration, allocated interest and expenses incidental to the projects undertaken by the Company.
Net realisable value has been determined based on prevailing average sale price of the property sold during the year as reduced by future estimated cost of completion to be incurred as determined by the management with the help of technical experts based on percentage of completion and as per the guidance note issued by ICAI in respect of 'Accounting of Real Estate Transactions (Revised 2012).

Stores and Construction Materials are valued at lower of cost or net realisable value. cost includes cost of purchase and other expenses incurred in bringing them to their respective present location and condition. Cost is determined using Weighted Average Method of Inventory Valuation.

e) Cash Flow Statement :

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

f) Cash & Cash Equivalents (for purpose of cash flow statement) :

Cash comprises cash on hand and demand deposit with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

g) Depreciation and amortisation :

Depreciable amount for assets is the cost of an asset less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. In respect of fixed assets purchased or put to use during the period, depreciation is provided on a pro-rata basis from the date on which such asset is purchased or put to use.

h) Revenue Recognition :

Revenue from real estate projects is recognised as per the percentage of completion method in accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India ("the Guidance Note"). The Percentage of Completion Method is applied when the stage of completion of the project reaches a reasonable level of development. The threshold for 'reasonable level of development' is considered to have been met when the criteria specified in the Guidance Note are satisfied, i.e., when:
(a) All critical approvals necessary for commencement of the project have been obtained.
(b) The expenditure incurred on construction and development costs is not less than 25 % of the estimated construction and development costs excluding land cost.
(c) At least 25% of the saleable project area is secured by contracts or agreements with buyers.
(d) At least 10 % of the total revenue as per the agreements of sale or any other legally enforceable documents are realised at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

The stage of completion is determined as a proportion that project costs incurred for work performed up to the balance sheet date bear to the estimated total costs. Profit (project revenue less project cost) is recognised when the outcome of the project can be estimated reliably. When it is probable that the total cost will exceed the total project revenue, the expected loss is recognised immediately. For this purpose total project costs are ascertained on the basis of project costs incurred and cost to completion of projects which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of project revenue and project costs. The effect of a change in the estimate of project revenue or project costs, or the effect of a change in the estimate of the outcome of a project, is accounted for as a change in accounting estimate the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

Determination of revenues under the percentage of completion method necessarily involves making estimates, some of which are of technical nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenue from the project/activity and the foreseeable losses to completion.
Revenue from sale of land is recognised when:
(a) Significant risks and rewards of ownership have been transferred to the buyer;
(b) Possession of the land has been handed over to the buyer;
(c) No significant uncertainty exists regarding the amount of consideration that will be derived from the sale; and
(d) It is not unreasonable to expect ultimate collection of revenue from buyer.

Revenue from sale of development rights is recognised when both the following conditions are fulfilled:
(a) title to the development rights is transferred to the buyer; and
(b) it is not unreasonable to expect ultimate realisation of revenue.

Income from services rendered is recognised as per the terms of agreement, as and when the work is performed.

Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

Profit/Loss on sale of investments are recognised on the contract date.

i) Fixed Assets :

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on fixed assets after its purchase is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

j) Foreign Currency Transactions:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.
Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Adani Township & Real Estate Private Limited
Notes forming part of the financial statements for the year ended March 31, 2016

k) Retirement Benefits

Employee benefits includes gratuity, compensated absences and contribution to provident fund, employees' state insurance, superannuation fund.

Short Term Employee Benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employees benefits and are recognised in the period in which the employee renders the related service.

Post Employment Benefits

(i) Defined Benefit Plan

The employees' gratuity scheme is a defined benefit scheme. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on actuarial valuations, carried out by an independent actuary, using the Projected Unit Credit method. The liability for gratuity is funded to a gratuity fund maintained with the Life Insurance Corporation of India ('LIC'). Actuarial gains and losses are recognised in the Statement of Profit and Loss.

(ii) Defined Contribution Plans

Contribution to the provident fund and superannuation scheme which are defined contribution schemes are charged to the statement of Profit and Loss as they are incurred.

(iii) Long-term Employee Benefits

Long term employee benefits comprise of compensated absences. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance Sheet date. Actuarial gains and losses are recognised in the statement of Profit and Loss.

l) Borrowing Costs :

Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. All other borrowing costs are charged to the Statement of Profit and Loss as incurred. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

m) Segment reporting :

In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006 (as amended), the Company has determined its business segment as Real Estate Developer. Since, there are no other business segments in which the Company operates; there are no other primary reportable segments. Further, since operations of the company are within limited geographical location, there are no other secondary (geographical) repotable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statement.

n) Related Party Transactions :

Disclosure of transactions with related Parties, as required by Accounting Standard 18 "Related Party disclosures" has been set out in separate note. Related parties as defined under clause 3 of the Accounting standard 18 have been identified on the basis of representation made by Key management personnel and information available with the Company.

o) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term

p) Earning Per Share :

Earning per share is calculated by dividing net profit for the year attributable to equity shares outstanding during the year.
Diluted Earning Per Share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the end of the year.

Adani Township & Real Estate Private Limited
Notes forming part of the financial statements for the year ended March 31, 2016

q) Taxes on Income :

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability

r) Impairment of Assets :

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the Statement of Profit and Loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

s) Provisions and contingencies :

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

t) Service Work in Progress:
Service Work in Progress includes Infra and Other Cost Allocation for Projects managed by the Company

u) Though other Accounting Standards also apply to the company by virtue of the Companies (accounting standards) Rules (as amended), 2006, no disclosure for the same is being made as the company has not done any transaction to which the said Accounting Standards apply.

Ahmedabad
Chartered Accountants

Adani Township & Real Estate Company Private Limited

Notes forming part of the financial statements for the year ended March 31, 2016

Particulars	Year ended March 31, 2016 Rs.	Year ended March 31, 2015 Rs.
NOTE : 19		
REVENUE FROM OPERATION		
Income from projects	2,49,15,75,388	2,93,82,48,293
Other Income From Operations:		
Income from PMC and Other Levies	18,03,31,043	-
Income from Cancellation	86,84,171	62,35,990
	2,68,05,90,602	2,94,44,84,283
NOTE : 20		
OTHER INCOME		
Profit on sale of current investments	10,252	-
Exchange fluctuation gain (Net)	5,41,193	-
Interest Income		
- From Bank	95,40,259	1,07,52,355
- From loans granted (Refer note 35)	1,82,466	69,26,189
- Others	1,04,80,055	921
Sale of Scrap	40,63,459	29,50,361
Miscellaneous Income	61,95,082	1,58,760
	3,10,12,766	2,07,88,586
NOTE : 21		
CONSTRUCTION COST		
Opening Stock		
- Construction Materials at site	51,77,65,773	66,27,72,491
- Construction Work-in-progress	13,16,78,82,196	11,75,48,75,700
	13,68,56,47,969	12,41,76,48,191
Add : Cost Incurred during the period		
- Construction Expenses (Net of Construction Cost of Villas amounting to Rs 22,83,13,975 (Previous Year: Rs 40,55,29,117))	2,09,58,37,757	2,99,64,25,712
- Depreciation (Note 24)	81,88,614	69,81,364
- Personnel Expenses (Note 22)	26,35,73,971	19,06,45,337
- Other expenses (Note 25)	12,94,37,435	9,53,17,028
- Finance Costs (Note 23)	47,32,07,051	22,53,27,805
Total	16,65,58,92,797	15,93,23,45,438
Less: Closing Stock		
- Construction Materials at site	20,41,24,705	51,77,65,773
- Construction Work-in-progress	14,15,86,35,769	13,16,78,82,196
Total	14,36,27,60,474	13,68,56,47,969
Total Construction Cost	2,29,31,32,323	2,24,66,97,468
NOTE : 22		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	29,42,97,668	24,99,18,598
Contributions to Provident and Other Funds	2,69,73,054	2,45,17,646
Staff welfare expenses	1,06,24,735	1,01,99,869
	33,18,95,457	28,46,36,113
Less: Transferred to Construction Cost (Note 21)	26,35,73,971	19,06,45,337
	6,83,21,486	9,39,90,776

Ahmedabad

Chartered Accountants

Adani Township & Real Estate Company Private Limited

Notes forming part of the financial statements for the year ended March 31, 2016

Particulars	Year ended March 31, 2016 Rs.	Year ended March 31, 2015 Rs.
NOTE : 23		
FINANCE COSTS		
Interest Expense		
- On borrowings	46,48,45,182	57,84,96,659
- Interest on delayed payment of Income Tax	-	7,74,040
- Others	16,08,940	2,20,43,336
	46,64,54,122	60,13,14,035
Other Borrowing Costs	1,29,94,151	1,72,78,320
	47,94,48,273	61,85,92,355
Less: Transferred to Construction Cost (Note 21)	47,32,07,051	22,53,27,806
	62,41,222	39,32,64,549
NOTE : 24		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	1,80,00,646	1,82,47,981
Amortisation on intangible assets	20,49,419	19,65,299
	2,00,50,065	2,02,13,280
Less: Transferred to Construction Cost (Note 21)	81,88,614	69,81,364
	1,18,61,451	1,32,31,916
NOTE : 25		
OTHER EXPENSES		
Site expenses	11,85,012	8,16,998
Exchange fluctuation Loss (net)	-	10,38,816
Rent	-	2,73,527
Rates and taxes	48,000	39,176
Communication expenses	40,13,512	49,08,614
Stationery and printing expenses	31,91,339	26,15,144
Repairs and Maintenance		
- Buildings	41,338	26,950
- Plant and Machinery	2,77,561	4,36,231
- Others	1,85,90,057	34,83,393
Provision for Advances Written Off	2,30,928	-
Power and Fuel Expenses	6,09,57,216	4,67,25,301
Insurance expenses	10,99,849	10,68,655
Legal and professional fees	9,90,81,817	5,17,39,287
Payment to Auditors		
- For Statutory Audit	5,50,000	8,40,000
- For Tax Audit	1,75,000	1,55,337
- For Other Services	-	10,411
- For Reimbursement of Expenses	-	731
Manpower Expenses	4,96,06,817	3,84,35,561
Permission and Licence Fees	-	42,500
Fines and Penalties	1,440	-
Office expenses	1,49,84,200	1,34,20,214
Commission and Brokerage Expenses	2,07,95,951	4,07,40,242
Security Expenses	2,18,50,390	1,64,91,843
CSR Expenses	4,58,000	-
Donation	9,000	51,000
Wealth Tax	37,970	55,382
Advertisement and Selling Expenses	6,03,93,350	7,33,50,632
Travelling and conveyance expenses	1,10,19,400	83,22,043
Miscellaneous expenses	1,99,82,700	5,58,670
	38,85,80,847	30,56,46,658
Less: Transferred to Construction Cost (Note 21)		
Site expenses	11,85,012	8,16,998
Power and Fuel Expenses	59,04,690	61,29,575
Legal and professional fees	5,01,73,544	3,34,00,551
Manpower Expenses	4,96,06,817	3,84,35,561
Permission and Licence Fees	-	42,500
Repairs and Maintenance	7,16,982	-
Security Expenses	2,18,50,390	1,64,91,843
	12,94,37,435	9,53,17,029
	25,91,43,412	21,03,29,630