

**Independent Auditor's Report**

To,  
The Members of  
**KAKINADA GATEWAY PORT LIMITED.**

**Report on the Financial Statements :**

We have audited the accompanying financial statements of **KAKINADA GATEWAY PORT LIMITED.** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2018, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial Statements :**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility :**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion :**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as on 31<sup>st</sup> March 2018, and its Loss and its Cash Flow for the year ended on that date.



**Report on Other legal and Regulatory requirements :**

1. As required by the Companies (Auditor`s Report) Order, 2016, ("the order"), issued by the Central Government of India, in terms of subsection (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. Further to our comments in the annexure, as required by section 143(3) of the Act, we report that :
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet and Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - g. With respect\*to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - a. the Company does not have any pending litigations which would impact its financial position.
    - b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses .
    - c. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Hyderabad

Date : 21.04.2018

For **S.Venkatadri & Co.,**  
Chartered Accountants

Firm's Regn No.004614S

  
**(K.SRINIVASA RAO)**  
P A R T N E R  
M.No.201470



**Annexure "A" to the Independent Auditor's Report**

With reference to the Annexure referred to in paragraph 1 under the heading "Report on other legal & regulatory requirements" of our Report of even date to the members of **KAKINADA GATEWAY PORT LIMITED.** on the financial statements for the year ended 31<sup>st</sup> March 2018. We report that

- I. The company does not hold any fixed assets as at the end of the year and hence provisions of clause 3(i) (a),(b)&(c) of the order are not applicable to the company.
- II. The company did not hold any physical inventories during the year and therefore had no stocks of finished goods, stores, spare parts and raw materials during / at the end of the year. Accordingly Clause 3(ii) of the order is not applicable.
- III. The company has not granted any loans, secured or unsecured to the companies, firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies act 2013. Accordingly Clause 3(iii) (a) to (c) of the order are not applicable.
- IV. According to the information and explanations given to us Company has not given any Loans, guarantees, security and not made any investments hence the provisions of clause 3(iv) of the order are not applicable to the company.
- V. The Company has not accepted any deposits from the public covered by the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder. hence clause 3(v) of the order is not applicable to the company
- VI. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- VII. a. According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable. Duty of Customs, Duty of Excise are not applicable to the company,  
  
b. According to the information and explanations given to us and the records of the company examined by us there are no dues of Income Tax, Service Tax, Value Added Tax, Sales Tax, Duty of Excise, Duty of customs which have not been deposited on account of any dispute
- VIII. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Govt. or dues to debenture holders.



- IX. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- X. According to the information and explanation given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- XI. Based upon the audit procedures performed and the information and explanations given by the management, the company had not paid Managerial remuneration during the year. Accordingly, provisions of clause 3(xii) of the order are not applicable.
- XII. In Our Opinion and according to the explanations given to us, the company is not a Nidhi company. Accordingly, provisions of clause 3(xii) of the order are not applicable.
- XIII. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- XIV. According to the information and explanations given to us, the company has not made any preferential allotment or Private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3(xiv) of the order are not applicable.
- XV. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with the directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- XVI. In our opinion, The company is not required to be registered under section 45-IA of the Reserve bank of India Act, 1934.

Place : Hyderabad

Date : 21.04.2018

For **S.Venkatadri & Co.,**  
Chartered Accountants  
Firm's Regn No.004614S

  
**(K.SRINIVASA RAO)**  
P A R T N E R  
M.No.201470



**Annexure "B" to the Independent Auditors' Report of even date on the Financial Statements of KAKINADA GATEWAY PORT LIMITED**

**Report on the Internal Controls on Financial Controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **KAKINADA GATEWAY PORT LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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



### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

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

Place : Hyderabad

Date : 21.04.2018

For **S.Venkatadri & Co.,**  
Chartered Accountants

Firm's Regn No.004614S



**(K.SRINIVASA RAO)**

PARTNER

M.No.201470



**KAKINADA GATEWAY PORT LIMITED**  
Statement of standalone assets and liabilities

( in Rs.....)

Particulars	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)
<b>1 ASSETS</b>		
<b>a) Non-current assets</b>	-	-
	-	-
<b>b) Current assets</b>		
Cash and cash equivalents	66,073	79,257
	66,073	79,257
<b>TOTAL ASSETS (a+b)</b>	<b>66,073</b>	<b>79,257</b>
<b>2 EQUITY AND LIABILITIES</b>		
<b>a) Equity</b>		
Equity share capital	100,000	100,000
Other equity	(38,927)	(29,368)
<b>Total equity</b>	<b>61,073</b>	<b>70,632</b>
<b>b) Current liabilities</b>		
Provisions	5,000	8,625
	5,000	8,625
<b>TOTAL EQUITY AND LIABILITIES (a+b+c)</b>	<b>66,073</b>	<b>79,257</b>

Remove if not relevant for your entity

**For M/s S.Venkatadri & Co**  
Chartered Accountants  
Firm Reg. No. 004614S

*K. Srinivas Rao*

**K.Srinivas Rao**  
Partner  
Membership No: 201470

Place: Hyderabad  
Date: 21st April, 2018



**For and on behalf of the Board of Directors**

*Nagarjuna Tadury*  
**Nagarjuna Tadury**  
Director  
DIN No.0006796211

Place: Hyderabad  
Date: 21st April, 2018

*Prasad Jaligama*  
**Prasad Jaligama**  
Director  
DIN No.0007526901



## KAKINADA GATEWAY PORT LIMITED

(In Rs. ....)

Statement of Standalone Audited Results for Quarter and year ended March 31, 2018						
	Particulars	Quarter ended			Year ended	
		31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
	(Refer Notes Below)	(Refer Note 1)	Unaudited	(Refer Note 1)	Audited	Audited
<b>A</b>	<b>Continuing Operations</b>					
<b>1</b>	<b>Revenue</b>					
	a) Revenue from operations					
	i) Sales/income from operations					
	ii) Other operating income					
	b) Other income					
	<b>Total revenue</b>					
<b>2</b>	<b>Expenses</b>					
	(a) Finance costs	649	6	633	655	750
	(b) Other expenses	4,250	1,850	13,925	8,904	28,619
	<b>Total expenses</b>	<b>4,899</b>	<b>1,856</b>	<b>14,558</b>	<b>9,559</b>	<b>29,369</b>
<b>3</b>	<b>Profit/(loss) from continuing operations before exceptional items and tax expense (1-2)</b>	<b>(4,899)</b>	<b>(1,856)</b>	<b>(14,558)</b>	<b>(9,559)</b>	<b>(29,369)</b>
<b>4</b>	<b>Exceptional items</b>					
<b>5</b>	<b>Profit/(loss) from continuing operations before tax expenses (3 ± 4)</b>	<b>(4,899)</b>	<b>(1,856)</b>	<b>(14,558)</b>	<b>(9,559)</b>	<b>(29,369)</b>
<b>6</b>	<b>Tax expenses of continuing operations</b>					
	(a) Current tax					
	(b) Deferred tax					
<b>7</b>	<b>Profit/(loss) after tax from continuing operations (5 ± 6)</b>	<b>(4,899)</b>	<b>(1,856)</b>	<b>(14,558)</b>	<b>(9,559)</b>	<b>(29,369)</b>
<b>8</b>	<b>Other Comprehensive Income</b>					
	(A) (i) Items that will not be reclassified to profit or loss					
	(ii) Income tax relating to items that will not be reclassified to profit or loss					
	(B) (i) Items that will be reclassified to profit or loss					
	(ii) Income tax relating to items that will be reclassified to profit or loss					
<b>9</b>	<b>Total other comprehensive income, net of tax for the respective periods</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10</b>	<b>Total comprehensive income for the respective periods (7 ± 9) [comprising Profit (loss) and Other comprehensive income (net of tax) for the respective periods]</b>	<b>(4,899)</b>	<b>(1,856)</b>	<b>(14,558)</b>	<b>(9,559)</b>	<b>(29,369)</b>
<b>11</b>	<b>Paid up equity share capital</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>12</b>	<b>Earnings per equity share</b>					
	i) Basic / Diluted before Exceptional items	(0.49)	(0.19)	(1.46)	(0.96)	(2.94)
	ii) Basic / Diluted after Exceptional items	(0.49)	(0.19)	(1.46)	(0.96)	(2.94)
	iii) Basic / Diluted EPS from continued operations	(0.49)	(0.19)	(1.46)	(0.96)	(2.94)

## Note 1 -

The figures of the last quarter of current and previous years are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures for nine months ended for the respective years.

For M/s S.Venkatadri & Co  
Chartered Accountants  
Firm Reg. No. 004614S

K.Srinivas Rao  
Partner  
Membership No: 201470

Place: Hyderabad  
Date: 21st April, 2018



For and on behalf of the Board of Directors

Nagarjuna Tadury  
Director  
DIN No.0006796211

Place: Hyderabad  
Date: 21st April, 2018

Prasad Jaligama  
Director  
DIN No.0007526901





**KAKINADA GATEWAY PORT LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2018**    Amt in Rs.

Particulars	Notes	Ind AS	Ind AS
		March 31, 2018	March 31, 2017
<b>Assets:</b>			
<b>Current Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	3	66,073	79,257
<b>Total Assets</b>		<b>66,073</b>	<b>79,257</b>
<b>Equity &amp; Liabilities:</b>			
<b>Equity</b>			
Equity Share Capital	4	100,000	100,000
Other equity	5	(38,927)	(29,368)
<b>Current liabilities</b>			
Short-term Provisions	6	5,000	8,625
<b>Total Equity &amp; Liabilities</b>		<b>66,073</b>	<b>79,257</b>
Significant Accounting Policies	1&2		

As per our report of even date

**For M/s S.Venkatadri & Co**  
Chartered Accountants  
Firm Reg. No. 004614S

  
**K.Srinivas Rao**  
**Partner**

Membership No: 201470



**For and on behalf of the Board of Directors**

  
**Nagarjuna Tadury**  
Director  
DIN No. 0006796211

  
**Prasad Jaligama**  
Director  
DIN No.0007526901

Place: Hyderabad  
Date: 21st April, 2018

Place: Hyderabad  
Date: 21st April, 2018



**KAKINADA GATEWAY PORT LIMITED**  
Statement of profit and loss for the year ended year 31st March-2018

Amt in Rs.

Particulars	Notes	IndAs	IndAs
		01st April-2017 to 31st March, 2018	13-July-16 to 31-Mar-17
<b>Income</b>			
Other income			
<b>Total Revenue</b>		-	-
<b>Expenses</b>			
Other Expenses	7	8,904	28,619
Finance Costs	8	655	750
<b>Total Expenses</b>		<b>9,559</b>	<b>29,369</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(9,559)</b>	<b>(29,369)</b>
Exceptional items			
<b>Profit/(loss) before and tax</b>		<b>(9,559)</b>	<b>(29,369)</b>
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>Income tax expense</b>		-	-
<b>Profit/(loss) for the year -(A)</b>		<b>(9,559)</b>	<b>(29,369)</b>
<b>Other Comprehensive Income</b>			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of foreign operations		-	-
Income tax effect		-	-
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Income tax effect		-	-
Re-measurement (losses) / gains on post employment defined benefit plans		-	-
<b>Other Comprehensive Income for the Year- (B)</b>		-	-
<b>Total comprehensive income for the year (A+B)</b>		<b>(9,559)</b>	<b>(29,369)</b>
<b>Earning Per Share</b>	9	<b>-0.96</b>	<b>-2.94</b>

As per our report of even date

For M/s S.Venkatadri & Co  
Chartered Accountants  
Firm Reg. No. 004614S

*K. Srinivas Rao*

**K.Srinivas Rao**  
Partner  
Membership No: 201470



For and on behalf of the Board of Directors

*Nagarjuna Tadury*  
Nagarjuna Tadury  
Director  
DIN No.0006796211

*Prasad Jaligama*  
Prasad Jaligama  
Director  
DIN No.0007526901

Place: Hyderabad  
Date: 21st April, 2018

Place: Hyderabad  
Date: 21st April, 2018



**KAKINADA GATEWAY PORT LIMITED**  
Statement of Cash Flow for the year ended March 31,2018

Particulars	Rs.	
	March 31,2018	March 31,2017
<b>CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	(9,559)	(29,369)
<b>Profit / (loss) before tax expenses</b>	<b>(9,559)</b>	<b>(29,369)</b>
Adjustments to reconcile (loss) / profit before tax to net cash flows		
Finance costs		
<b>Operating profit before working capital changes</b>	<b>(9,559)</b>	<b>(29,369)</b>
<b>Movements in working capital :</b>		
Increase / (decrease) in non-current/current financial and other liabilities/provisions	(3,625)	8,625
Increase / (decrease) in trade payables and other liabilities	-	-
<b>Cash generated from operations</b>	<b>(13,184)</b>	<b>(20,744)</b>
Direct taxes paid	-	-
<b>Net cash flow from operating activities (A)</b>	<b>(13,184)</b>	<b>(20,744)</b>
<b>CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES</b>		
Interest received ( finance income)	-	-
<b>Net cash flow used in investing activities (B)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares (including securities premium and net of related securities issue expenses)	-	100,000
<b>Net cash flow (used in) / from financing activities (C)</b>	<b>-</b>	<b>100,000</b>
<b>Net (decrease) / increase in cash and cash equivalents (A + B + C)</b>	<b>(13,184)</b>	<b>79,257</b>
Cash and cash equivalents at beginning of the year	79,257	-
<b>Cash and cash equivalents at year end</b>	<b>66,073</b>	<b>79,257</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Balances with banks:		
- On current accounts	66,073	79,257

Note :

- 1) Company incorporated on 13th July-2016  
amendment to Ind AS 7  
Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash
- 2) changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance for liabilities arising from financing

As per our report of even date

For M/s S.Venkatadri & Co  
Chartered Accountants  
Firm Reg. No. 004614S

**K.Srinivas Rao**  
Partner  
Membership No: 201470



For and on behalf of the Board of Directors

**Nagarjuna Tadury**  
Director  
DIN No.0006796211

**Prasad Jaligama**  
Director  
DIN No.0007526901

Place: Hyderabad  
Date: 21st April, 2018

Place: Hyderabad  
Date: 21st April, 2018



**KAKINADA GATEWAY PORT LIMITED**

**Statement of Changes in Equity**

Particulars	Equity share capital	Reserve and surplus		Items of OCI	Total equity
		Retained earnings			
As at 1 April 2016	100,000	-	-	-	100,000
Profit for the period/movement	-	(29,369)	-	-	(29,369)
Other comprehensive income	-	-	-	-	-
At 31 March 2017	100,000	(29,369)	-	-	70,632
Profit for the period	-	(9,559)	-	-	(9,559)
Other comprehensive income	-	-	-	-	-
At 31 March 2018	100,000	(38,928)	-	-	61,073

**For M/s S.Venkatadri & Co**

Chartered Accountants  
Firm Reg. No. 004614S



*K. Srinivas Rao*

**K. Srinivas Rao**  
Partner

Membership No: 201470

**For and on behalf of the Board of Directors**

*Nagarajuna Tadury*  
**Nagarajuna Tadury**  
Director  
DIN No.0005796211

*Prasad Jaligama*  
**Prasad Jaligama**  
Director  
DIN No.0007526901

Place: Hyderabad

Date: 21st April, 2018

Place: Hyderabad

Date: 21st April, 2018



# Kakinada Gateway Port Ltd

Notes to IND AS Accounts

**Note : 1**

## **1. Corporate Information**

Kakinada Gateway Port Ltd is a limited Company domiciled in India. It is a subsidiary to Kakinada SEZ Limited. The Company To carry on the business in India or elsewhere to establish, own, design, construct, erect, develop, convert, equip, recondition, remodel, renovate, operate, manage, maintain, lease or otherwise deal with these a port terminals for bulk, breakbulk, liquid, chemicals, gas, petroleum products and containerized cargo and port related infrastructural work so fall descriptions including sea ports, shipyards, wharfs, piers, docks, harbours, jetties, slipways, shiplifts, breakwaters, dredging, berths or dry dock, container terminals or any kind of equipment, lighthouses, buildings or works for storage, warehouse, loading, unloading, transport in connection with the jointly with one or more entities, bodies corporate, government, local or other bodies through a suitable financial structure or other arrangement. The financial statements were approved for issue in accordance with a resolution of the directors on 21<sup>st</sup> April 2018.

## **2. Significant Accounting Policies**

### **A. Basis of preparation**

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

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

The financial statements are presented in Indian Rupees ("INR")

### **B. Summary of significant accounting policies**

#### **a. Current versus non-current classification**

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



# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) 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:

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

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### **b. Property, plant and equipment**

#### Recognition:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

Fixed Assets are stated at acquisition cost less accumulated depreciation and cumulative impairment. Such cost includes the expenditure that is directly attributable to the acquisition of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset are derecognised when replaced. Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or



# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

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 statement of profit and loss when the asset is derecognised.

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.

### **c. Depreciation on Property, plant and equipment**

Depreciation on the Property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of the Companies Act, 2013 except for assets individually costing less than Rs. 5,000 which are fully depreciated in the year of of acquisition

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

Depreciation charges for impaired assets is adjusted in future periods in such a manner that revised carrying amount of the asset is allocated over its remaining useful life.

### **d. Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised using straight line method so as to write off the cost of investment property less their residual values over their useful lives specified in schedule II to the Companies Act, 2013, or in the case of assets where useful life was determined by technical evaluation, over the life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. Freehold land and properties under construction are not depreciated.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.



# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

### e. 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 amortisation 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.

Intangible assets include software and their useful lives are assessed as either finite or indefinite.

### f. Amortisation of intangible assets

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 like the Software licence are amortised over the useful life of 6 years as estimated by the management.

### g. Borrowing cost

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. 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.





# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

### **h. Impairment of non-financial assets**

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment properties, intangible assets and investments in associates and joint ventures determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the consolidated statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit and loss.



# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

### **i. Provisions, Contingent liabilities, Contingent assets, and Commitments**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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."

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date

### **j. Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. In case of interest free or concession loans/debentures/preference shares given to associates and joint ventures, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.



# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

Investment in equity instruments issued by associates and joint ventures are measured at cost less impairment.

### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

### **(a) Financial assets**

#### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

#### **Impairment of financial assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through profit or loss.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.



# Kakinada Gateway Port Ltd

Notes to IND AS Accounts

## De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

For trade and other receivables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

## (b) Financial liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the



# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### a. Financial guarantee contracts

Financial guarantee contracts issued by the Company 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, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

### b. De-recognition

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 de-recognition 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 and loss.

### **Off-setting of financial instruments**

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

### **o. 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 statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### **p. Fair value measurement**

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

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



# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period."

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.



# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

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

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value.

### **q. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

### **Interest income**

For all debt instruments measured either at amortised 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 amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.



# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

Other interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable

### Dividends

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

### r. Taxes

Tax expense comprises current and deferred tax.

#### Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

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 taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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





# Kakinada Gateway Port Ltd

## Notes to IND AS Accounts

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax law in India, which is likely to give future economic benefits in form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in balance sheet when the assets can be measured reliably and it is probable that future economic benefit associated with the assets will be realised.

### s. Corporate Social Responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss.

#### For M/s S.Venkatadri & Co

Chartered Accountants

Firm Reg. No. 004614S



**K.Srinivas Rao**

Partner

Membership No: 201470



#### For and on behalf of the Board of Directors



**Nagarjuna Tadury**

Director

DIN No.0006796211



**Prasad Jaligama**

Director

DIN No.0007526901

Place: Hyderabad

Date: 21st April, 2018

Place: Hyderabad

Date: 21st April, 2018



**KAKINADA GATEWAY PORT LIMITED**

Notes to the financial statements as at -March 31,2018

Other Assets

Note.3

Cash and Cash Equivalents

Particulars	Ind AS	Ind AS
	as at March 31,2018	as at March 31,2017
Cash on hand	-	-
Balances with banks - in current accounts	66,073	79,257
<b>Total</b>	<b>66,073</b>	<b>79,257</b>

Note.04

Share Capital

Particulars	Ind AS	Ind AS	Ind AS	Ind AS
	as at March 31,2018	as at March 31,2017	as at March 31,2018	as at March 31,2017
	Number of shares	Number of shares	Rs.	Rs.
<b>Authorised share capital</b>				
At 1 April 2016	10,000	10,000	100,000	100,000
Increase/(decrease) during the year				
At 31 March 2017	10,000	10,000	100,000	100,000
Increase/(decrease) during the year				
At 31 March 2018	10,000	10,000	100,000	100,000
<b>Issued equity capital</b>				
At 1 April 2017	10,000	10,000	100,000	100,000
issued during the period				
<b>end of the period</b>	10,000	10,000	100,000	100,000
Add: Issued during the year				
At 31 March 2018	10,000	10,000	100,000	100,000

a) **Terms and rights attached with the Shares:**The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

b) **Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates:**

Particulars	as at March 31,2018	as at March 31,2017	as at March 31,2018	as at March 31,2017
	Number of shares	Number of shares	Rs.	Rs.
10,000 Equity Shares of Rs. 10 each - Kakinaada SEZ Ltd, the immediate holding company	10,000	10,000	100,000	100,000
<b>Total</b>	<b>10,000</b>	<b>10,000</b>	<b>100,000</b>	<b>100,000</b>

c) **Details of shareholders holding more than 5% shares in the company:**

Particulars	as at March 31,2018	as at March 31,2017	as at March 31,2018	as at March 31,2017
	Number of shares	Number of shares	Rs.	Rs.
<b>Equity Shares - Face Value Rs. 10 each paid up Rs. 10:</b>				
Kakinada SEZ Limited	9,994	9,994	99.94%	99.94%

Note.05

Other Equity

Particulars	Ind AS	Ind AS
	as at March 31,2018	as at March 31,2017
<b>Surplus in the statement of profit and loss</b>		
Opening	29,369	-
During the period	9,559	29,369
<b>Total</b>	<b>38,928</b>	<b>29,369</b>

Note.06

Current Liabilities

Particulars	Ind AS	Ind AS
	as at March 31,2018	as at March 31,2017
Other Payables	-	-
Provision for Expense	5,000	8,625



Total	5,000	8,625
-------	-------	-------

Note.07

Other Expenses

Particulars	Ind AS	Ind AS
	as at March 31,2018	as at March 31,2017
<b>Expenses</b>		
Auditors fees	5,000	16,675
Rates & Taxes	904	8,720
Consultancy	3,000	2,500
Printing and Stationery	-	724
<b>Total</b>	<b>8,904</b>	<b>28,619</b>

Note :

As auditor

Audit Fee	5,000	5,000
Limited Review reports for IndAs conversions	-	11,675
	<b>5,000</b>	<b>16,675</b>

Note.08

Finane Cost

Particulars	Ind AS	Ind AS
	as at March 31,2018	as at March 31,2017
<b>Finane Cost</b>		
Interest & Finance Charges	655	750
	<b>655</b>	<b>750</b>

Note.9

Earnings per share ('EPS')

Basic EPS amounts are calculated by dividing the profit/ loss for the year attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders (after adjusting for interest on the convertible securities) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2018	March 31, 2017
Face value of equity shares (rs. per share)	10	10
Profit/(loss) attributable to equity shareholders	(9,559)	(29,369)
Weighted average numbers of equity shares used for computing earning per share (basic and diluted)	10,000	10,000
<b>EPS- Basic and diluted</b>	<b>(0.96)</b>	<b>(2.94)</b>

For M/s S.Venkatadri & Co

Chartered Accountants

Firm Reg. No. 004614S


K.Srinivas Rao

Partner

Membership No: 201470

Place: Hyderabad

Date: 21st April, 2018

For and on behalf of the Board of Directors

  
Nagarajuna Tadury

Director

DIN No.0006796211

Place: Hyderabad

Date: 21st April, 2018

  
Prasad Jaligama

Director

DIN No.0007526901



Note : 10

**Related Party Transactions**

Nature of Relationship	Name of the Company
Kakinada SEZ Ltd (Formerly Known as Kakinada SEZ Pvt Ltd)	Subsidiary Company

Nature of Transaction	As at March 31, 2018	As at March 31, 2017
<b>Share Capital</b>		
Kakinada SEZ Limited	100,000	100,000
<b>Profit &amp; Loss A/c (ROC Filing fees)</b>		
Kakinada SEZ Limited	-	7,720

Note : 11

**Contingent liabilities, Capital Commitments and other commitments**

There are no contingent liabilities as on March 31, 2018

There are no Capital Commitments as on March 31, 2018

Other Commitments: NIL

**The Company does not have any pending litigations which would impact its financial position**

**The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.**

Note : 12

**Disclosures on Financial instruments**

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in accounting policies, to the financial statements.

**(a) Financial assets and liabilities**

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2018 and March 31, 2017.

**As at March 31, 2018**

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
<b>Financial assets</b>					
(i) Cash and cash equivalents	-	-	66,073	66,073	66,073
<b>Total</b>	-	-	66,073	66,073	66,073
<b>Financial liabilities</b>					
(i) Other financial liabilities	-	-	5,000	5,000	5,000
<b>Total</b>	-	-	5,000	5,000	5,000

**As at March 31, 2017**

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
<b>Financial assets</b>					
(i) Cash and cash equivalents	-	-	79,257	79,257	79,257
<b>Total</b>	-	-	79,257	79,257	79,257
<b>Financial liabilities</b>					
(i) Other financial liabilities	-	-	8,625	8,625	8,625
<b>Total</b>	-	-	8,625	8,625	8,625

(Rs. in crore)



**Note : 13****Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus debt. The Company includes within debt all the borrowings.

	At March 31, 2018	At March 31, 2017
Borrowings	-	-
<b>Total debt</b>	-	-
<b>Capital Components</b>		
share Capital	100,000	100,000
Other equity	(38,927)	(29,368)
<b>Total Capital</b>	<b>61,073</b>	<b>70,632</b>
<b>Capital and net debt</b>	<b>61,073</b>	<b>70,632</b>
<b>Gearing ratio (%)</b>	<b>0%</b>	<b>0%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2018



**Note : 14**

**Financial risk management objectives and policies**

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- (i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- (ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

**Market risk**

**(a) Market risk- Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

**(b) Market risk- Foreign currency risk**

The fluctuation in foreign currency exchange rates may have potential impact on the consolidated statement of profit and loss and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

The Company has entered into certain derivative contracts which are not designated as hedge. Refer note xxx for details.

**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. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents, derivatives and financial guarantees provided by the Company.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was Rs. 65,125 and Rs. 2,374 as at March 31, 2018 and March 31, 2017 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments and other financial assets.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. The Company does not hold collateral as security.

With respect to trade receivables / unbilled revenue, the Company has constituted the terms to review the receivables on a periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and the rates used in the provision matrix.

Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

In respect of financial guarantees provided by the Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.



**Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through convertible debentures, non-convertible debentures, bonds and other debt instruments. The Company invests its surplus funds in bank fixed deposit and in mutual funds, which carries no or low market risk.

The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, sale of assets and strategic partnership with investors etc.

The following table shows a maturity analysis of the anticipated cash flows including interest obligations for the Company's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting period.

Particulars	(Rs.)			
	0-1 year	1 to 5 years	> 5 years	Total
<b>March 31, 2018</b>				
Borrowings (other than convertible preference shares)	-	-	-	-
Convertible preference shares	-	-	-	-
Other financial liabilities	5,000	-	-	5,000
Trade payables	-	-	-	-
<b>Total</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>5,000</b>
<b>March 31, 2017</b>				
Borrowings (other than convertible preference shares)	-	-	-	-
Convertible preference shares	-	-	-	-
Other financial liabilities	8,625	-	-	8,625
Trade payables	-	-	-	-
<b>Total</b>	<b>8,625</b>	<b>-</b>	<b>-</b>	<b>8,625</b>

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the policies and procedures of the Company include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.



**Note : 15**

**Recent accounting pronouncements**

**a) New Indian Accounting Standard (Ind AS) issued but not yet effective**

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

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 and permits two possible methods of transition:

(i) Retrospectively to each prior reporting period presented in accordance with Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or

(ii) Retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

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

Upon adoption the Company expects there to be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Company begins delivering services and recognizing that amount over the contractual period. The Company also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

**b) Amendments to Indian Accounting Standards (Ind AS) issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:





### **Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments.

### **Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

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

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

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.


**For M/s S.Venkatadri & Co**  
Chartered Accountants  
Firm Reg. No. 004614S



**K.Srinivas Rao**  
Partner  
Membership No: 201470



**For and on behalf of the Board of Directors**



**Nagarjuna Fadury**  
Director  
DIN No.0006796211



**Prasad Jaligama**  
Director  
DIN No.0007526901

Place: Hyderabad  
Date: 21st April, 2018

Place: Hyderabad  
Date: 21st April, 2018



Related Party Transaction Details  
For the period ended March 31, 2018

Balance Sheet

Kakinada Gateway port Limited  
Code : KGPL

A. Share Capital

Sl No	Short Code	Long Company Name	IC Code	Transaction Description	Main Head	Sub Head	Show in Financials	IGAAP Amount	Ind AS adjustment Amount	Total (IGAAP + Ind AS Adjustments)	DTL/(DTA) on Ind AS Adjustments
1	88	Kakinada SZ Limited (KSL)	15260	Share Capital	Share Capital	Equity, Issued and Subscribed fully paid up	Transactio	100,000.00	0	100,000.00	100,000.00

For M/S Venkatesh & Co  
Firm registration number: No. 004614S  
Chartered Accountants

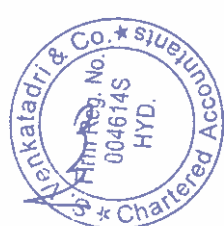
*V. Srinivas*

K. Srinivas Reddy  
Partner  
Membership no.: No. 201370  
Place: Hyderabad  
Date: 21-Apr-2018

For and on behalf of the Board of Directors

*[Signature]*  
Nagesh Kumar Tripathy  
Director  
DIN: No. 0006296213

Company Secretary



Related Party Transaction Details  
For the period ended March 31, 2018

Profit & Loss

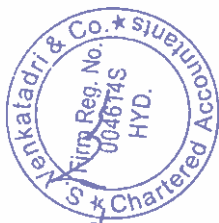
Kakinada Gateway port Limited  
Code: KGPE

For M/S S. Venkatesh & Co  
Firm registration number: No. 004614S  
Chartered Accountants

*S. Venkatesh*

K. Srinivas Rao  
Partner  
Membership no.: No. 201470

Place: Hyderabad  
Date: 21 Apr 2018



For and on behalf of the Board of Directors

*Nagaraju's Talluri*

Nagaraju's Talluri  
Director  
DIN: No. 006796211

Company Secretary

