



**Independent Auditor's Report  
To the Members of Kakinada SEZ Limited**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Kakinada SEZ Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

**Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone 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 standalone financial statements based on our audit. In conducting 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 and Order issued under Section 143(11) of the Act.

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 standalone financial statements are free from material misstatement.





An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 standalone 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 standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### **Emphasis of Matter**

- a. We draw attention to Note 10(a), to the accompanying financial statements for the year ended 31 March 2018, the company has disputed the claims from the Income Tax department pertaining to various years in respect of which the first two appellate authority of Income Tax department decided the issue against the company and the company is presently in appeal before the next forum seeking redressal of the issue, pending the outcome of the appellate proceedings the amount demanded aggregating to Rs.812.97 lakhs (Excluding consequential penalties if any to be levied) has not been provided, in view of pendency of appeal before the appellate authorities. The management based on expert's opinion and on the strength of the merits of the issue is confident of a favourable outcome.

Our opinion is not qualified in respect of the above matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.



2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss including Other Comprehensive Income, statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder;
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i) the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 26(ii) to the standalone financial statements;
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii) Currently there are no amounts held by the company that are required to be transferred to Investor education and protection fund hence we do not comment on the same; and

For K.S. Rao & Co  
Chartered Accountants  
Firm Regn No. 0031095

*M. Krishna Chaithanya*



M. Krishna Chaithanya  
Partner  
Membership No. 231282

Place: Chennai  
Date: 30.04.2018



**Annexure – “A” to the Independent Auditor’s Report**

**The Annexure referred to in Independent Auditors’ Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:**

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. Immovable properties of land and buildings wherever title deeds have been pledged as securities towards loans, guarantees etc availed by the company or by third parties on the basis of mortgage of assets of company are stated to have been held in the name of the company (the lenders of the company or third parties have also accepted the assets as security for creating mortgages) and are directly confirmed by the lenders through security trustee as on the reporting date.
- ii) The Company is engaged in the business of developing and operation of Special Economic Zone and does not hold any physical inventories. Thus, paragraph 3(ii) of the order is not applicable to the company.
- iii) In our opinion and according to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii(a), iii(b) and iii(c) of the order are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 of the Act. Being a company engaged in the business of providing infrastructure facilities as specified in Schedule VI to Companies Act, 2013 the provisions of Section 186 of the Act, are not applicable to the company.
- v) In our opinion and according to the information and explanation given to us, the company has not accepted any deposit from the public in accordance with the provisions of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. Accordingly, paragraph 3(v) of the Companies (Auditor’s Report) Order, 2016 is not applicable to the Company.







- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Thus reporting under clause 3(vi) of the order is not required.
- vii) (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable

(b) According to the information and explanation given to us, there are no amounts payable in respect of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax which have not been deposited on account of any disputes except as follows:-

Nature of Dues	Disputed Amount (in Lakhs)	Amount paid under protest/Adjusted (in lakhs)	Period	Forum where the dispute is pending
Income Tax	136.09	136.09	AY 2007-2008	Pending before appeal for High Court
Income Tax (Penalty)	111.16	19.19	AY 2007-2008	Pending before appeal for High Court
Income Tax	251.41	251.41	AY 2008-2009	Pending before appeal for High Court
Income Tax (Penalty)	207.12	NIL	AY 2008-2009	Pending before appeal for High Court
Income Tax	57.48	56.09	AY 2009-2010	Pending before appeal for High Court
Income Tax	8.81	8.81	AY 2010-2011	CIT Appeals
Income Tax	1.35	1.35	AY 2011-2012	CIT Appeals
Income Tax	27.16	27.16	AY 2013-2014	CIT Appeals
Income Tax	12.39	2.48	AY 2015-2016	CIT Appeals
<b>Total</b>	<b>812.97</b>	<b>502.59</b>	-	-

- viii) Based on the audit procedure and according to the information given to us, we are of the opinion that the company has not defaulted in repayment of loans or borrowings due to financial institutions, banks, government or debenture holders.





- ix) The company did not raise any money by way of Initial Public Offer or further public offer (including debt instruments). On the basis of review of utilisation of funds on overall basis the term loans were applied for the purpose for which the loans were obtained.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3(xi) of the order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For K.S. Rao & Co  
Chartered Accountants  
Firm Regn No. 0031095

*M. Krishna Chaithanya*



Place: Chennai  
Date: 30.04.2018

M. Krishna Chaithanya  
Partner  
Membership No. 231282



**Annexure - B to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of Kakinada SEZ limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 standalone 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 31 March 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: Chennai**  
**Date: 30.04.2018**

**For K.S. Rao & Co**  
**Chartered Accountants**  
**Firm Regn No. 003109S**

*M. Krishna Chaithanya*

**M. Krishna Chaithanya**  
**Partner**  
**Membership No. 231282**







**Auditor's Report on Quarterly and Year to Date Ind AS Financial Results of Kakinada SEZ Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Board of Directors of  
**Kakinada SEZ Limited**

1. We have audited the accompanying statement of Ind AS financial results of **Kakinada SEZ Limited** ('the Company') for the quarter and year ended March 31, 2018, attached herewith, prepared by the Company for the purpose of preparation of consolidated financial results of GMR Infrastructure limited (GIL) pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The quarterly Ind AS financial results are the derived figures between the audited figures in respect of the year ended March 31, 2018 and the published year-to-date figures up to December 31, 2017, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The Ind AS financial results for the quarter and year ended March 31, 2018 have been prepared on the basis of the Ind AS financial results for the nine-month period ended December 31, 2017, the audited annual Ind AS financial statements as at and for the year ended March 31, 2018, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these Ind AS financial results based on our review of the Ind AS financial results for the nine-month period ended December 31, 2017 which were prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under Section 133 of the Companies Act 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual Ind AS financial statements as at and for the year ended March 31, 2018 and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, these quarterly and year to date Ind AS financial results:
  - i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, in this regard; and
  - ii. give a true and fair view of the net loss and other financial information for the quarter and the year ended March 31, 2018.





4. We draw attention to Note 10(a), to the accompanying financial statements for the year ended 31 March 2018, the company has disputed the claims from the Income Tax department pertaining to various years in respect of which the first two appellate authority of Income Tax department decided the issue against the company and the company is presently in appeal before the next forum seeking redressal of the issue, pending the outcome of the appellate proceedings the amount demanded aggregating to Rs.812.97 lakhs (Excluding consequential penalties if any to be levied) has not been provided, in view of pendency of appeal before the appellate authorities. The management based on expert's opinion and on the strength of the merits of the issue is confident of a favourable outcome. Our opinion is not modified in respect of the above matter.
5. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2018 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2018 and the published year-to-date figures up to December 31, 2017, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
6. This report is furnished solely to enable GMR Infrastructure Limited (GIL) to prepare consolidated financial results for the quarter and year ended March 31, 2018 for submission to the Board of Directors of GIL in the format prescribed under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and their auditors in their audit of such consolidated financial results.
7. Accordingly, this report is not for the use or benefit of any other party nor is it to be copied, made available to or otherwise disclosed to any other party and, we do not accept or assume any liability or duty of care to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Place: Chennai  
Date: 30.04.2018

For K.S. Rao & Co  
Chartered Accountants  
Firm Regn No. 003109S

*M. Krishna Chaithanya*

**M. Krishna Chaithanya**  
Partner  
Membership No. 231282



**KAKINADA SEZ 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>		
a) Non-current assets		
Property, plant and equipment	2,50,49,635	2,72,57,392
Capital work in progress	20,63,37,68,619	18,36,21,69,722
Investment property	13,95,83,853	13,49,29,018
Other intangible assets	1,72,330	3,78,206
Financial assets		
Investments	1,00,000	1,00,000
Others	7,64,58,637	7,70,91,049
Non-current balance of current tax assets (Net)	88,78,305	49,64,953
Other non-current assets	1,60,83,58,936	1,58,55,32,937
	<b>22,49,33,70,304</b>	<b>20,19,24,23,277</b>
b) Current assets		
Inventories		
Financial assets		
Loans and advances	3,753	28,000
Trade receivables	63,900	60,956
Cash and cash equivalents	60,86,202	35,08,760
Other financial assets	5,20,377	4,96,010
Other current assets	32,45,226	31,64,057
	<b>99,19,458</b>	<b>72,57,783</b>
<b>TOTAL ASSETS (a+b)</b>	<b>22,90,22,89,764</b>	<b>20,19,96,81,060</b>
<b>2 EQUITY AND LIABILITIES</b>		
a) Equity		
Equity share capital	93,99,43,161	93,99,43,161
Other equity	(14,26,29,173)	(9,79,91,101)
Equity contribution from parent company-Related party loan		
Total equity	<b>79,73,13,988</b>	<b>84,19,52,060</b>
b) Non-current liabilities		
Financial liabilities		
Borrowings	9,12,70,44,100	13,28,04,67,690
Provisions	1,72,68,320	1,17,90,442
Other financial liabilities	86,23,70,442	29,78,331
	<b>10,00,66,82,862</b>	<b>13,29,52,36,463</b>
c) Current liabilities		
Financial liabilities		
Provisions	86,13,401	95,72,704
Other financial liabilities	11,65,95,54,518	6,04,37,28,017
Other current liabilities	3,01,24,995	91,91,816
	<b>11,69,82,92,914</b>	<b>6,06,24,92,536</b>
<b>TOTAL EQUITY AND LIABILITIES (a+b+c)</b>	<b>22,90,22,89,764</b>	<b>20,19,96,81,060</b>

(01)

For K.S.Rao & Co  
Firm Regn.No. 0031095  
Chartered Accountants

M. Krishna Chaithanya  
Partner  
Membership No 231282



For and on behalf of the Board of Directors

S.V.N. Rao  
Director  
DIN. 00051167

P. Jayadev  
Director  
DIN. 00782667

G.V. Suresh Kumar  
Company Secretary

Srinivasa Rao Sulu  
CFO

Place Hyderabad  
Date 30th April, 2018

Place Hyderabad  
Date 30th April, 2018



KAKINADA SEZ LIMITED						
Statement of Standalone Audited Results for Quarter and year ended March 31, 2018						
(In Rs.)						
	Particulars	Quarter ended			Year ended	
		31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
	(Refer Notes Below)	Unaudited	Unaudited	Unaudited	Audited	Audited
A	Continuing Operations					
1	Income					
	a) Revenue from operations					
	i) Sales/income from operations	5,340,494	5,300,463	21,120,081	21,215,591	21,120,081
	ii) Other operating income	845,786	96,344	1,833,988	1,748,360	1,833,988
	b) Other income					
	Total income	6,186,280	5,396,807	22,954,069	22,963,951	22,954,069
2	Expenses					
	(a) Employee benefits expense	2,385,827	7,624,783	23,346,350	22,954,991	23,346,350
	(b) Finance costs	5,113,905	6,047,663	25,246,083	21,438,381	25,246,083
	(c) Depreciation and amortisation expenses	1,635,885	1,672,238	6,954,244	6,634,423	6,954,244
	(d) Other expenses	1,221,125	7,605,303	22,559,790	15,119,423	24,749,650
	Total expenses	10,356,742	22,949,987	78,106,467	66,147,218	80,296,327
3	Profit/(loss) before exceptional items and tax expense from continuing operations (1-2)	(4,170,462)	(17,553,180)	(55,152,397)	(43,183,267)	(57,342,257)
4	Exceptional items					
5	Profit/(loss) from continuing operations before tax expenses (3 ± 4)	(4,170,462)	(17,553,180)	(55,152,397)	(43,183,267)	(57,342,257)
6	Tax expenses of continuing operations					
	(a) Current tax					
	(b) Deferred tax					
7	Profit/(loss) after tax from continuing operations (5 ± 6)	(4,170,462)	(17,553,180)	(55,152,397)	(43,183,267)	(57,342,257)
8	Other Comprehensive Income					
	(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	(985,606)	(334,173)	2,760,665	(1,454,804)	152,154
	(ii) Income tax relating to items that will be reclassified to profit or loss					
9	Total other comprehensive income, net of tax for the respective periods (8 ± 8)	(985,606)	(334,173)	2,760,665	(1,454,804)	152,154
10	Total comprehensive income for the respective periods (7 ± 9) [comprising Profit (loss) and Other comprehensive income (net of tax) for the respective periods]	(5,156,068)	(17,887,353)	(52,391,732)	(44,638,071)	(57,190,103)
11	Earnings per equity share (for continuing operations)					
	Basic & diluted	(0.05)	(0.19)	(0.56)	(0.46)	(0.61)

**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 year.

For K.S.Rao & Co  
Firm Regn.No: 0031095  
Chartered Accountants

M. Krishna Chaithanya  
Partner  
Membership No.231282



For and on behalf of the Board of Directors

B.V.N.Rao  
Director  
DIN: 00051167

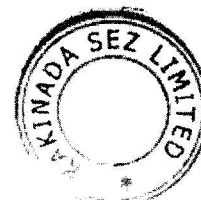
G.V. Suresh Kumar  
Company Secretary

P. Jayadev  
Director  
DIN: 00782667

S. Srinivasu  
Srinivasa Rao Suru  
CFO

Place: Hyderabad  
Date: 30th April, 2018

Place: Hyderabad  
Date: 30th April, 2018





**KAKINADA SEZ LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2018**

Particulars	Notes	Amt in Rs.	
		March 31, 2018	March 31, 2017
<b>Assets:</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	2,50,49,635	2,72,64,985
Investment Property	4	13,95,83,853	13,49,29,018
Investment Property under construction	5	20,63,37,68,611	18,36,21,69,722
Other Intangible assets	6	1,72,330	3,70,615
<b>Financial Assets</b>			
Investments	7	1,00,000	1,00,000
Other Financial Assets	9	7,64,58,637	7,70,91,049
Other non-current assets	10	1,60,83,58,936	1,58,59,32,937
Non current tax assets(net)	11	88,78,305	49,64,553
		22,49,23,70,307	20,19,24,23,279
<b>Current Assets</b>			
<b>Financial Assets</b>			
Trade receivables	12	63,900	60,956
Cash and cash equivalents	13	60,86,202	35,08,760
Loans	8	3,753	28,000
Other Financial Assets	9	5,20,376	4,96,010
Other current assets	10	32,45,226	31,64,057
		99,19,457	72,57,783
<b>Total Assets</b>		<b>22,50,22,89,764</b>	<b>20,19,96,81,062</b>
<b>Equity &amp; Liabilities:</b>			
<b>Equity</b>			
Equity Share Capital	14	93,99,43,161	93,99,43,161
Other equity	15	(14,26,29,173)	(9,79,91,101)
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	16	9,12,70,44,100	13,28,04,67,690
Provisions	17	1,72,68,320	1,17,90,442
Other Liabilities	19	86,23,70,442	29,78,331
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Other financial liabilities	18	11,65,95,54,518	6,04,37,28,017
Provisions	17	86,13,401	95,72,704
Other Liabilities	19	3,01,24,995	91,91,816
<b>Total Equity &amp; Liabilities</b>		<b>22,50,22,89,764</b>	<b>20,19,96,81,062</b>
Significant Accounting Policies & Disclosures	1&2		

As per our report of even date

For K.S.Rao & Co  
Firm Regn.No: 0031095  
Chartered Accountants

M. Krishna Chaithanya  
Partner  
Membership No.231282



For and on behalf of the Board of Directors

B.V.N.Rao  
Director  
DIN: 00051167

P. Jayadev  
Director  
DIN: 00782667

G.V. Suresh Kumar  
Company Secretary

Srinivasa Rao Suru  
CFO

Place: Hyderabad  
Date: 30th April, 2018

Place: Hyderabad  
Date: 30th April, 2018



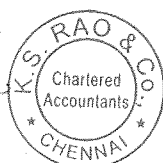
**KAKINADA SEZ LIMITED**  
Statement of profit and loss for the year ended March 31, 2018

Particulars	Notes	Amt in Rs.	
		01st April-2017 to 31st March, 2018	01st April-2016 to 31st March, 2017
<b>CONTINUING OPERATIONS</b>			
Revenue from operations	20	2,12,15,591	2,11,20,081
Other Income	21	17,48,360	18,33,988
<b>Total Revenue</b>		<b>2,29,63,951</b>	<b>2,29,54,069</b>
<b>Expenses</b>			
Employee Benefits Expense	22	2,29,54,991	2,33,46,350
Depreciation	23	66,34,423	69,54,244
Other Expenses	24	1,51,19,423	2,47,49,650
Finance Costs	25	2,14,38,381	2,52,46,083
<b>Total Expenses</b>		<b>6,61,47,218</b>	<b>8,02,96,327</b>
Profit/(loss) before exceptional items and tax		(4,31,83,267)	(5,73,42,257)
Exceptional items		-	-
Profit/(loss) before and tax		(4,31,83,267)	(5,73,42,257)
(1) Current tax		-	-
(2) Deferred tax		-	-
Income tax expense		-	-
Profit/(loss) for the year		(4,31,83,267)	(5,73,42,257)
<b>Other Comprehensive Income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-	-
Income tax effect		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans		(14,54,804)	1,52,154
Income tax effect		(14,54,804)	1,52,154
<b>Other Comprehensive Income for the Year- (B)</b>		<b>(14,54,804)</b>	<b>1,52,154</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>(4,46,38,071)</b>	<b>(5,71,90,103)</b>
<b>Earning Per Share</b>	35	(0.46)	(0.61)

As per our report of even date

For K.S.Rao & Co  
Firm Regn.No: 0031095  
Chartered Accountants

M. Krishna Chalthanya  
Partner  
Membership No.231282



For and on behalf of the Board of Directors

B.V.N.Rao  
Director  
DIN: 00051167

P. Jayadev  
Director  
DIN: 00782667

G.V. Suresh Kumar  
Company Secretary

Srinivasa Rao Suru  
CFO

Place: Hyderabad  
Date: 30th April, 2018

Place: Hyderabad  
Date: 30th April, 2018



# KAKINADA SEZ LIMITED

## Statement of Changes in Equity

Particulars	Equity share capital	Equity contribution from parents - Related	Reserve and surplus		Items of OCI	Total equity	Amt in Rs.
			Retained earnings				
As at 1 April 2016	93,99,43,161		(4,23,63,767)		-	89,75,79,394	
Equity contribution from parents - Related party loan		15,62,768				15,62,768	
Profit for the period/movement	-						
Other comprehensive income	-			(5,73,42,257)	-	(5,73,42,257)	
At 31 March 2017	93,99,43,161	15,62,768			1,52,154	1,52,154	
Profit for the period	-			(9,97,06,024)	1,52,154	84,19,52,059	
Other comprehensive income	-			(4,31,83,267)	-	(4,31,83,267)	
Total comprehensive income	-			-	(14,54,804)	(14,54,804)	
At 31 March 2018	93,99,43,161	15,62,768		(14,28,89,291)	(13,02,650)	79,73,13,988	

As per our report of even date

For K.S.Rao & Co  
Firm Regn.No: 0031095  
Chartered Accountants

M.Krishna Chaithanya  
Partner  
Membership No.231282

For and on behalf of the Board of Directors

B.V.N.Rao  
Director  
DIN: 00051167

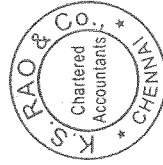
P. Jayadev  
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Company Secretary

Srinivasa Rao Suru  
CFO

Place: Hyderabad  
Date: 30th April, 2018

Place: Hyderabad  
Date: 30th April, 2018



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

Particulars	Notes	Amt in Rs.	
		March 31, 2018	March 31, 2017
<b>CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES</b>			
Profit/(Loss) before Tax			
Profit / (loss) before tax expenses		(4,46,38,071)	(5,71,90,103)
Adjustments to reconcile profit before tax to net cash flows:		(4,46,38,071)	(5,71,90,103)
Depreciation of Investment Properties			
Finance costs		66,34,423	69,54,244
Proceeds from mutual fund investment, Unwinding of interest on Security deposit		2,14,38,381	2,52,46,083
Operating profit before working capital changes		(17,48,360)	(18,33,988)
Movements in working capital :		(1,83,13,627)	(2,68,23,765)
Movements in Provision, gratuity and govt. grants			
Increase/(Decrease) in trade and other receivables and prepayments		45,18,576	(3,34,36,050)
Increase in trade and other payables		(2,61,91,172)	12,81,12,628
Cash generated from operations		2,05,40,67,113	(21,40,95,810)
Income Tax paid		2,01,40,80,891	(14,62,42,995)
Net cash flow from operating activities (A)		-	27,932
<b>CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES</b>		2,01,40,80,891	(14,62,15,063)
Proceeds from mutual fund investment, Unwinding of interest on Security deposit			
Purchase of property, plant and equipment		17,48,360	18,33,988
Increase in Investments		(22,41,205)	(2,48,16,011)
Purchase of Investment Properties		-	(1,00,000)
Interest received ( finance income)		(23,99,63,230)	(18,03,01,671)
Net cash flow used in Investing activities (B)			
<b>CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES</b>		(24,04,56,076)	(20,33,83,694)
Interest Paid			
Proceeds from borrowings		(2,59,91,41,170)	(1,34,76,03,888)
Repayment of Borrowings		6,35,26,13,275	2,25,10,51,891
		(5,52,45,19,479)	(56,01,15,707)
Net cash flow (used in) / from financing activities (C)			
Net (decrease) / Increase in cash and cash equivalents (A + B + C)		(1,77,10,47,374)	34,33,32,296
Cash and cash equivalents at beginning of the year		25,77,441	(62,66,462)
Cash and cash equivalents at year end		35,08,760	97,75,222
		60,86,202	35,08,760
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>			
Cash on hand			
With banks- on current account		25,780	41,529
- on deposit account		60,36,966	34,45,497
Total cash and cash equivalents (note 5)		23,456	21,734
		60,86,202	35,08,760

Notes:

**1 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 changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance for liabilities arising from financing activities, to meet the disclosure requirement. The reconciliation is given as below:

S.No	Particulars	01-04-2017	Cash Flows	Non Cash changes Fair Value changes
1	Long Term Borrowings	13,28,04,67,690	(4,15,34,23,590)	
2	Current maturities of long term borrowings	2,37,85,95,358	4,98,15,17,386	

For K.S.Rao & Co  
Firm Regn.No: 0031095  
Chartered Accountants

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Partner  
Membership No.231282



For and on behalf of the Board of Directors

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Company Secretary

Srinivasa Rao Suru  
CFO

Place: Hyderabad  
Date: 30th April, 2018

Place: Hyderabad  
Date: 30th April, 2018





**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**1. Corporate information**

Kakinada SEZ Ltd ('KSEZ' or 'the Company') is a public limited Company domiciled in India. It is a subsidiary to GMR SEZ & Port Holdings Limited. The Company is developing a special economic zone (SEZ) near Kakinada in East Godavari district of Andhra Pradesh.

The financial statements were approved for issue in accordance with a resolution of the directors on 30th April, 2018.

**2. Significant accounting policies**

**2.1. 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).

**2.2. Summary of significant accounting policies**

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

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

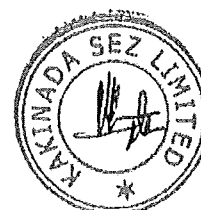
- i. Expected to be realised or intended to be sold or consumed in normal operating cycle,
- ii. Held primarily for the purpose of trading,
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to 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:

- 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.



**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

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

Advance tax paid is classified as non-current assets.

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. Fair value measurement of financial instruments**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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

- a) In the principal market for the asset or liability, or
- b) 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 standalone 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 standalone 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.



**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**c. 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.

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

Revenue from construction activity

Construction revenue and costs are recognised by reference to the stage of completion of the construction activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the construction cannot be estimated reliably, revenue is recognised to the extent of the construction costs incurred if it is probable that they will be recoverable. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs. The estimated outcome of a contract is considered reliable when all the following conditions are satisfied:

- i. The amount of revenue can be measured reliably,
- ii. It is probable that the economic benefits associated with the contract will flow to the Company,
- iii. The stage of completion of the contract at the end of the reporting period can be measured reliably,
- iv. The costs incurred or to be incurred in respect of the contract can be measured reliably

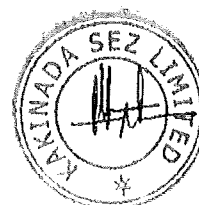
Provision is made for all losses incurred to the balance sheet date. Variations in contract work, claims and incentive payments are recognised to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. Expected loss, if any, on a contract is recognised as expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognised profits (or recognised losses, as the case may be), the surplus is shown as the amount due to customers. Amount received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customers are disclosed in the Balance Sheet as trade receivables.

Income from management/ technical services

Income from management/ technical services is recognised as per the terms of the agreement on the basis of services rendered.

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



**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

**Dividends**

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

**d. Taxes on income**

**Current income tax**

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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 income tax**

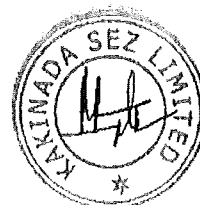
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized.

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

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.





**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

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 laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

**e. Non-current assets held for sale**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- a) The appropriate level of management is committed to a plan to sell the asset,
- b) An active programme to locate a buyer and complete the plan has been initiated,
- c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the standalone balance sheet.

**f. Property, plant and equipment**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2015.

Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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



**Kakinada SEZ Limited****Notes to the financial statements for the year ended March 31, 2018**

component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category of asset*	Estimated useful life
Plant and equipment	4 – 15 years*
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	8 – 10 years
Computers	3 years

Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis.

\* The Company, based on technical assessment made by the technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

Further, the management has estimated the useful lives of asset individually costing Rs 5,000 or less to be less than one year, whichever is lower than those indicated in Schedule II. 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 methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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 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.

**g. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern



**Kakinada SEZ Limited****Notes to the financial statements for the year ended March 31, 2018**

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.

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

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

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer software	Definite (6 years)	Straight-line basis	Acquired

**h. Borrowing cost**

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.

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 until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

**i. Leases**

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

A lease is classified at the inception date as a finance lease or an operating lease.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**Company as a lessee**

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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



**Kakinada SEZ Limited****Notes to the financial statements for the year ended March 31, 2018**

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

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

- a. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

**j. Inventories**

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred that relate to future activities on the contract are recognised as "Contract work in progress".

Contract work in progress comprising construction costs and other directly attributable overheads is valued at lower of cost and net realisable value.

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

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary, associate and joint venture companies to 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 the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the 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.



**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

(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 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.

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 Statement of Profit and Loss

**l. Provisions and contingent liabilities**

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 provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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 Company 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 standalone financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

**m. Retirement and other employee benefits**





**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

Retirement benefit in the form of provident fund, pension fund and superannuation fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund, pension fund and superannuation fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the standalone balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

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

Past service costs are recognised in profit or loss on the earlier of:

- a. The date of the plan amendment or curtailment, and
- b. The date that the Company recognises related restructuring costs

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

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

**n. 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



## **Kakinada SEZ Limited**

### **Notes to the financial statements for the year ended March 31, 2018**

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 subsidiaries, 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.

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

Investment in preference shares/ debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares/ debentures not meeting the aforesaid conditions are classified as debt instruments at amortised cost.

#### **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. The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

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.

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



**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**Impairment of financial assets**

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

The company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

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.

**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.

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



**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

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 standalone 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. Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**p. Cash and cash equivalents**

Cash and cash equivalent in the standalone 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.

**q. Cash dividend**

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.



**Kakinada SEZ Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**r. Foreign currencies**

In preparing the financial statements, transactions in the currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on translation of long term foreign currency monetary items recognised in the financial statements before the beginning of the first Ind AS financial reporting period in respect of which the Company has elected to recognise such exchange differences in equity or as part of cost of assets as allowed under Ind AS 101-"First time adoption of Indian Accounting Standard" are recognised directly in equity or added/ deducted to/ from the cost of assets as the case may be. Such exchange differences recognised in equity or as part of cost of assets is recognised in the statement of profit and loss on a systematic basis.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

**s. Corporate social responsibility ('CSR') expenditure**

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



**KAKINADA SEZ LIMITED**

Notes to the financial statements as at March 31, 2018

**Note.3**

**Property, Plant and Equipment (as at 31-March-2018)**

Particulars	Land	Buildings	Office Equipment	Electrical Equipments	Computers	Furniture & Fixtures	Vehicles	Total
Gross Block (at cost)								
as at April 1, 2016	-	18,84,974	64,22,133	-	41,63,177	6,54,227	5,64,304	1,36,88,815
Additions	-	-	40,07,226	2,03,98,120	2,38,378	1,72,289	-	2,48,16,013
Disposals	-	-	34,303	-	12,500	-	-	46,803
as at March 31, 2017	-	18,84,974	1,03,95,056	2,03,98,120	43,89,055	8,26,516	5,64,304	3,84,58,025
Gross Block (at cost)								
as at April 1, 2017	-	18,84,974	1,03,95,056	2,03,98,120	43,89,055	8,26,516	5,64,304	3,84,58,025
Additions	-	-	6,48,539	-	1,95,892	15,65,983	-	24,10,414
Disposals	-	-	-	-	-	-	-	-
as on March 31, 2018	-	18,84,974	1,10,43,595	2,03,98,120	45,84,947	23,92,499	5,64,304	4,08,68,439
Depreciation								
as at April 1, 2016	-	9,80,301	18,35,460	-	18,35,284	98,686	1,08,825	48,58,556
Charge for the year	-	7,72,732	17,77,309	20,39,812	15,50,146	1,34,721	1,06,567	63,81,288
Disposals	-	-	34,303	-	12,500	-	-	46,803
as at March 31, 2017	-	17,53,033	35,78,466	20,39,812	33,72,930	2,33,407	2,15,392	1,11,93,040
as at April 1, 2017	-	17,53,033	35,78,466	20,39,812	33,72,930	2,33,407	2,15,392	1,11,93,040
Charge for the year	-	1,14,656	12,34,235	18,36,334	7,88,428	5,47,717	1,04,394	46,25,764
Disposals	-	-	-	-	-	-	-	-
as on March 31, 2018	-	18,67,689	48,12,701	38,76,146	41,61,358	7,81,124	3,19,786	1,58,18,804
Net Block as at March 31, 2017	-	1,31,941	68,16,590	1,83,58,308	10,16,125	5,93,109	3,48,912	2,72,64,985
Net Block as on March 31, 2018	-	17,285	62,30,894	1,65,21,974	4,23,589	16,11,375	2,44,518	2,50,49,635

Amt in Rs.





Note.4

Investment Property ( as at 31-March-2018)

Amt In Rs.

Particulars	Land	Buildings	Total
Gross Carrying Amount			
As at April 01, 2016	-	-	-
Additions during the year	1,05,63,577	12,86,53,904	13,92,17,481
Expenses capitalised during the year	-	-	-
Impairment loss	-	-	-
Disposals	-	-	-
As at March 31, 2017	1,05,63,577	12,86,53,904	13,92,17,481
Acquisitions during the year	89,51,875	-	89,51,875
Expenses capitalised during the year	-	-	-
Impairment loss	-	-	-
Disposals	-	-	-
As at March 31, 2018	1,95,15,452	12,86,53,904	14,81,69,356
Accumulated depreciation			
As at April 01, 2016	-	-	-
Charge for the year	-	42,88,463	42,88,463
Disposals	-	-	-
As at March 31, 2017	-	42,88,463	42,88,463
Charge for the year	-	42,97,040	42,97,040
Disposals	-	-	-
As at March 31, 2018	-	85,85,503	85,85,503
Net block			
As at March 31, 2017	1,05,63,577	12,43,65,441	13,49,29,018
As at March 31, 2018	1,95,15,452	12,00,68,401	13,95,83,853

Notes:

a) Information regarding income and expenditure of Investment property:

Amt in Rs.

Particulars	31-Mar-18	31-Mar-17
Rental income derived from investment property	2,12,15,591	2,11,20,081
Less: Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit / (loss) arising from investment properties before depreciation	2,12,15,591	2,11,20,081
Less: Depreciation for the year	66,34,423	69,54,244
Profit / (loss) arising from investment properties	1,45,81,168	1,41,65,837

b) Minimum Lease Payments receivable on Investment property leased to tenants under long term non-cancellable operating leases:

Particulars	31-Mar-18	31-Mar-17
Within one year	2,19,81,636	2,11,73,604
After one year but not more than five years	8,59,82,544	8,58,17,616
More than five years	7,34,79,047	7,92,39,015
Total	18,14,43,227	18,62,30,235

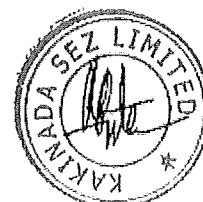
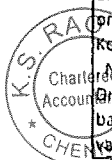
c) Reconciliation of fair value

In Rs. Cr

As at April 01, 2016	
Fair value difference	
Purchases during the year	14.98
As at March 31, 2017	14.98
Fair value difference	-
Purchases during the year	2.01
As at March 31, 2018	16.99

d) Description of valuation techniques used and key inputs to valuation on Investment properties:

Investment Properties	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			March 31, 2018	March 31, 2017
The Company's Investment properties consist of Lands as on 31-March-2018 is 10.31 Ac ( as on 31-Mar-2017 is 5.28 acres) located in village Kotha Moolapeta of Uppada Kothapalli Mandal, East Godavari District, Andhapradesh. These valuations are based on valuations performed independent valuer	GLR (Guide Line Rate) method	Nil	36 L 40 L	36 L 40 L



KAKINADA SEZ LIMITED

Notes to the financial statements as at March 31, 2018

Note.5

Details of Investment Property under construction as at 31st March, 2018

Amt in Rs.

Particulars	as at March 31, 2018	as at March 31, 2017
Land and Land Related Expenses	5,88,66,93,794	5,86,73,45,459
Rehabilitation Expenses	72,76,54,906	72,39,93,130
Interest & Finance Charges	12,14,54,97,619	10,10,72,27,538
Rates & Taxes	98,21,574	98,01,045
Consultancy Charges	58,09,78,433	55,11,82,315
Infrastructure Development-Levelling, Road etc	23,77,19,645	16,39,78,793
Overhead Cost	1,04,54,02,640	93,86,41,442
(i)	20,63,37,68,611	18,36,21,69,722
Less: Other income	-	-
Interest Income on bank deposits	-	-
Interest Receivable Loans	-	-
Revenue from sale of infirm power	-	-
Miscellaneous Income (net of expenses directly attributable)	-	-
(ii)	-	-
Total - (iii) = (i) - (ii)	20,63,37,68,611	18,36,21,69,722
Less: Apportioned over the cost of tangible assets	-	-
(iv)	-	-
Total - (v) = (iii) - (iv)	20,63,37,68,611	18,36,21,69,722

a) Disclosure as per Ind AS 23

(a) the amount of borrowing costs capitalised during the period - Rs. 203,47,86,169/-

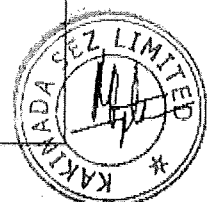
(b) the capitalisation rate @12.82% is used to determine the amount of borrowing costs eligible for capitalisation

b) Reconciliation of fair value

	In Rs. Cr
As at April 01, 2016	2,887.00
Fair value difference	411.78
Purchases during the year	0.22
Transfer to Investment property	(2.11)
As at March 31, 2017	3,296.89
Fair value difference	-
Purchases during the year	0.05
Transfer to Investment property	(2.01)
As at March 31, 2018	3,294.93

c) Description of valuation techniques used and key inputs to valuation on investment properties:

Investment Properties	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			March 31, 2018	March 31, 2017
The Company's investment properties consist of Lands as on 31-March-2018 is 8229.32 Ac ( as on 31-Mar-2017 is 8233.78 acres) located in village Ponnada, Ramanakka peta, Komaragiri, Kotha Moolapeta of Uppada Kothapalli Mandal and Villages Kodhada, K.Perumallapuram and AV Nagarama of Thognadi Mandal, Village Bhimavaram (2Ac), Samalkot Mandal, Near Kakinada, East Godavari District, Andhpradesh. These valuations are based on valuations performed independent valuer.	GLR (Guide Line Rate) method	Nil	36 L- 40 L	36 L- 40 L

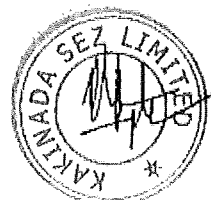


d) Details of Charges created on assets

- (a) First pari passu charge has been created on land for the term loan availed by the Company from IFCI to the extent of Rs. 150 Crores.
- (b) First pari passu charge has been created on land for the term loan availed by GMR Infrastructure Limited from LIC of India to the extent of Rs. 600 Crores.
- (c) Subservient charge has been created on land for the Term Loan availed by GMR Infrastructure Limited from ICICI Bank Ltd to the extent of Rs. 1000 Crores.
- (d) Subservient charge has been created on land for the Term Loan of Rs. 214 Cr and NCDs of Rs. 830 Cr outstanding availed by GMR Infrastructure Limited from ICICI Bank Ltd.
- (e) Subservient charge has been created on land for the corporate loan of Rs. 250Cr availed by GMR Infrastructure Limited from IFCI Ltd

Note: 6

Other Intangible assets	Amt in Rs.
Total	
Cost as at April 1, 2016	5,67,209
Additions during the year	-
Disposals	-
As at March 31, 2017	5,67,209
Additions during the year	-
Disposals	-
As at March 31, 2018	5,67,209
Accumulated Amortisation	
As at April 1 2016	98,297
Charge for the year	98,297
Disposals	-
As at March 31, 2017	1,96,594
Charge for the year	1,98,285
Disposals	-
Accumulated amortisation as at March 31, 2018	3,94,879
Net Block	
As at March 31, 2017	3,70,615
As at March 31, 2018	1,72,330



**KAKINADA SEZ LIMITED**

Notes to the financial statements as at March 31,2018

**Note.7**
**Investments**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
<b>Non-Current balance</b>		
Investments at Cost		
Unquoted Equity Instruments - Subsidiaries		
10000 equity shares of Rs.10/- each in Kak'nada Gateway Port Ltd	1,00,000	1,00,000
	1,00,000	1,00,000
<b>Current balance</b>		
Investments in Mutual Funds	-	-
	-	-
<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>

**Note.8**
**Loans**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
<b>Current Balance of Loans</b>		
Loans to Employees	3,753	28,000
<b>Total Current Balance of Loans</b>	<b>3,753</b>	<b>28,000</b>
<b>Total Loans</b>	<b>3,753</b>	<b>28,000</b>

**Note.9**
**Other Financial Assets**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
<b>Non-current balance of Other Financial Assets</b>		
Security Deposits – Unsecured considered good	70,50,159	72,68,050
Other Bank deposits-Restricted - refer Note (a)	6,70,90,000	6,71,52,349
Unbilled rent	23,18,478	26,70,650
<b>Total non-current balances of Other Financial Assets</b>	<b>7,64,58,637</b>	<b>7,70,91,049</b>
<b>Current Balances of Other financial assets</b>		
Non Trade Receivable	79,951	8,126
Unbilled rent	3,52,173	3,52,173
Interest accrued on fixed deposits	88,253	1,35,711
<b>Total current balances of Other Financial Assets</b>	<b>5,20,376</b>	<b>4,96,010</b>
<b>Total Other Financial Assets</b>	<b>7,69,79,013</b>	<b>7,75,87,058</b>

A charge has been created over.

- Deposits of Rs 5.65 Crore (March 31, 2017 Rs. 5.65 Crore) towards DSRA maintained by the Company for loans availed by the Company from banks and financial institutions
- Towards margin money for the bank guarantee obtained from Central Bank Of India for submitting to Income tax authorities (0.92Cr)
- Towards margin money for the bank guarantee obtained from Bank of India for submitting to Mines department for the quarry (0.14 Cr)



**Note.10****Other Assets**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
<b>Non-current balance</b>		
Capital advances (Unsecured, considered good)		
To related parties	50,00,00,000	50,00,00,000
To others	94,39,57,901	95,19,07,277
	1,44,39,57,901	1,45,19,07,277
<b>Others</b>		
Balance with Statutory /Government authorities	11,41,42,216	8,35,38,404
Income Tax paid under protest (Refer Note (a) below)	5,02,58,819	5,00,10,916
Preliminary expenses not written off	-	76,340
	16,44,01,035	13,36,25,660
<b>Total non-current Other Assets</b>	<b>1,60,83,58,936</b>	<b>1,58,55,32,937</b>
<b>Current balance</b>		
Advances recoverable in cash or kind		
Unsecured considered good	32,45,226	31,64,057
<b>Total other current assets</b>	<b>32,45,226</b>	<b>31,64,057</b>
<b>Total Other Assets</b>	<b>1,61,16,04,162</b>	<b>1,58,86,96,994</b>

(a) The Company has paid Income Tax under Protest of Rs. 5.02 Crores. Provision has not been made for the same, since the company has contested the same in an appeal before the Hon'ble High Court of Andhra Pradesh. This Rs.5.02 Crores consists of Rs.4.84 Crores for regular tax assessments and Rs. 0.19 Crores for penalty. The appeal is admitted by the Hon'ble High Court and the hearings are in progress.

**Note.11****Current Income Tax**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
TDS Receivable	88,78,305	49,64,953
<b>Total</b>	<b>88,78,305</b>	<b>49,64,953</b>

**Note.12**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
<b>Trade Receivables</b>		
Receivables	63,900	60,956
<b>Total</b>	<b>63,900</b>	<b>60,956</b>
<b>Current Portion</b>	<b>63,900</b>	<b>60,956</b>

**Note.13****Cash and Cash Equivalents**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
Cash on hand	25,780	41,529
Balances with banks - in current accounts	60,36,966	34,45,497
Bank Deposits	23,456	21,734
<b>Total</b>	<b>60,86,202</b>	<b>35,08,760</b>



**Note.14****Share Capital**

Particulars	Amt in Rs.			
	as at March 31,2018 Number of shares	as at March 31,2018 Rs	as at March 31,2017 Number of shares	as at March 31,2017 Rs
<b>Authorised share capital</b>				
as at April 01,2016				
- Equity Shares of Rs. 10 each	200,000,000	2,000,000,000	200,000,000	2,000,000,000
Increase/(decrease) during the year				
At 31 March 2017	200,000,000	2,000,000,000	200,000,000	2,000,000,000
Increase/(decrease) during the year				
At 31 March 2018	200,000,000	2,000,000,000	200,000,000	2,000,000,000
<b>Issued equity capital</b>				
At 31 March 2017				
- Equity Shares of Rs. 10 each fully paid up				
beginning of the period	82,708,275	827,082,750	82,708,275	827,082,750
issued during the period				
end of the period	82,708,275	827,082,750	82,708,275	827,082,750
- Equity Shares of Rs. 10 each - Rs.1 Paid up				
beginning of the period	112,860,411	112,860,411	112,860,411	112,860,411
issued during the period				
At 31 March 2018	112,860,411	112,860,411	112,860,411	112,860,411
<b>Total</b>	<b>195,568,686</b>	<b>939,943,161</b>	<b>195,568,686</b>	<b>939,943,161</b>

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.

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

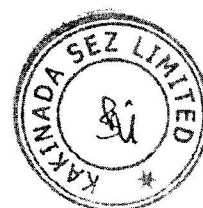
Particulars	Amt in Rs.			
	as at March 31,2018 Number of shares	as at March 31,2018 Rs	as at March 31,2017 Number of shares	as at March 31,2017 Rs
4,21,81,220 (31st March'16: 4,21,81,220) Equity Shares of Rs. 10 each	42,181,220	421,812,200	42,181,220	421,812,200
5,75,58,810 (31st March'16: 5,75,58,810) Equity Shares of Re.1 each	57,558,810	57,558,810	57,558,810	57,558,810
<b>Total</b>		<b>479,371,010</b>		<b>479,371,010</b>

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

Particulars	as at March 31,2018 Number of shares	as at March 31,2018 % of Holding	as at March 31,2017 Number of shares	as at March 31,2017 % of Holding
<b>Equity Shares - Face Value Rs. 10 each paid up Rs. 10:</b>				
GMR SEZ & Port Holdings P Ltd., and its nominees	42,181,220	51.00%	42,181,220	51.00%
Kakinada Infrastructure Holdings Private Limited	34,700,000	41.95%	34,700,000	41.95%
Veda Infra-Projects (India) Private Limited	5,300,000	6.41%	5,300,000	6.41%
<b>Equity Shares - Face Value Rs. 10 each paid up Rs. 1:</b>				
GMR SEZ & Port Holdings Private Limited	57,558,810	51.00%	57,558,810	51.00%
Kakinada Infrastructure Holdings Private Limited	31,300,000	27.73%	31,300,000	27.73%
Veda Infra-Projects (India) Private Limited	23,450,000	20.78%	23,450,000	20.78%
	<b>112,308,810</b>			

**Note.15****Other Equity**

Particulars	Amt in Rs.	
	as at March 31,2018	as at March 31,2017
<b>Surplus in the statement of profit and loss</b>		
Opening	(99,553,869)	(42,363,767)
During the period	(44,638,071)	(57,190,103)
<b>Total</b>	<b>(144,191,941)</b>	<b>(99,553,869)</b>
<b>Equity contribution from parents - Related party loan</b>		
Opening	1,562,768	1,562,768
During the period		
<b>Total</b>	<b>1,562,768</b>	<b>1,562,768</b>
<b>Total</b>	<b>(142,629,173)</b>	<b>(97,991,101)</b>





Note.16

Borrowings

Amt in Rs.

Particulars	as at March 31, 2018		as at March 31, 2017	
	Non Current Balances	Current Maturities	Non Current Balances	Current Maturities
<b>Term loans</b>				
Indian rupee term loan from banks (secured)	-	(0)	-	41,59,15,482
Indian rupee term loan from FIs (secured)	18,74,00,431	74,85,89,386	93,59,89,819	55,97,67,273
Loans from related parties				
Loan from a group company (unsecured)	8,93,77,44,928	6,61,15,23,358	12,34,28,18,492	1,40,29,12,603
Security deposit from vendors	18,98,741	-	16,59,379	-
<b>Total</b>	<b>9,12,70,44,100</b>	<b>7,36,01,12,744</b>	<b>13,28,04,67,690</b>	<b>2,37,85,95,358</b>

Current maturities of longterm debt had been included under Other Financial Liabilities - Note No 18

(a) Secured Loan From Banks:

Term loan from ICICI Bank (Secured) of Rs. 0 (Mar 31, 2017: Rs 41 59 Cr) is secured by pari passu first charge on the Immovable Properties i.e. Land and first ranking exclusive charge over Debt Service Reserve Account maintained with ICICI Bank. Further, secured by an Irrevocable and unconditional guarantee given by GMR Infrastructure Ltd. The loan is repayable in 12 equal quarterly installments starting from 27th October 2014 (The end of 27 months from the 1st drawdown date) and carries an interest rate of 9.00% p.a. plus spread of 5.50% p.a. i.e. effective rate of 14.50% p.a. payable monthly. The Term Loan has been fully repaid during the month of September 2017.

Term loan from IFCL Limited (Secured) of Rs. 93 60 Cr (Mar 31, 2017: Rs 149 58 Cr) is secured by pari passu first charge on Land to the extent of 8,236.50 Acres along with escrow of receivables from land leasing of 916 Acres under Phase-I and lien on FD of Rs. 5 65 Cr with State Bank of India towards service of principle and interest obligation falling due in next 3 months. Further, secured by an Irrevocable and unconditional guarantee given by GMR Infrastructure Ltd. The loan is repayable in 8 equal quarterly installments starting from 30th September 2017 (The end of 27 months from the 1st drawdown date) and carries an interest rate of 10.20% p.a. plus spread of 3.00% p.a. i.e. effective rate of 13.20% p.a. payable monthly. Four Quarterly installments are falling due for repayment within the next twelve months, hence an amount of Rs.74.86 Cr is categorized as current maturities of borrowings under Note.18.

(b) Unsecured Loans from Related Parties:

(i) Inter corporate Loans of Rs.0 (31Mar'17: Rs 37 53Cr) from GMR Infrastructure Ltd at an interest rate of 14.75% payable on Qtrly basis, repaid during the period

(ii) Inter corporate Loans of Rs. 979 68 Crs (31Mar'17: 1303.75 Cr) from GMR Infrastructure Ltd at an interest rate of 12.25% payable on Qtrly basis, repayable at the end of the 3rd Year (repayment starting from June' 2018), of which Rs. 502.80 Crs is falling due for repayment within the next twelve months hence it is categorized as current maturities of borrowings under Note.18.

(iii) Inter corporate Loans of Rs. 14 00 Crs (31 Mar'17: Rs. 14.00 Cr) from GMR Highways Limited at an interest rate of 12.25% p.a., payable on qtrly basis, repayable in 3 years (i.e. repayment starting from Mar 2019) of which Rs. 5 Crs is falling due for repayment within the next twelve months hence it is categorized as current maturities of borrowings under Note 18.

(iv) Inter corporate Loans of Rs. 158 50 Crs (31 Mar'17: Rs. 0) from GMR Highways Limited at an interest rate of 12.50% p.a., payable on yearly basis, repayable in 3 years (i.e. repayment starting from June' 2020) and categorized as non-current maturities of borrowings under Note 16.

(v) Inter corporate Loan of Rs. 4 29 Crs (31 Mar'17: Rs. 4 29) from Kakinada Refinery and Petrochemicals Private Limited at an interest rate of 12.25% p.a., payable on qtrly basis, repayable end of 3rd year (repayment starting from Oct 2019) and categorized as non-current maturities of borrowings under Note 16.

(vi) Inter corporate Loan of Rs. 15 00 Crs (31 Mar'17: Rs. 15 Crs) from GMR Genco Assets Limited at an interest rate of 12.25% p.a., payable on qtrly basis, repayable end of 3rd year (repayment starting from Sep' 2019) and categorized as non-current maturities of borrowings under Note.16.

(vii) Inter corporate Loan of Rs. 25 10 Crs (31 Mar'17: Rs. 0) from GMR Aerostructures Services Limited at an interest rate of 12.25% p.a., payable on Annual basis, repayable end of 5th year (repayment starting from June' 2022) and categorized as non-current maturities of borrowings under Note 16.

(viii) Inter corporate Loan of Rs. 125 00 Crs (31 Mar'17: Rs. 0) from GMR Generation Assets Limited at an interest rate of 12.50% p.a., payable along with principal, repayable end of 3rd year (repayment starting from June' 2020) and categorized as non-current maturities of borrowings under Note 16.

(ix) Inter corporate Loan of Rs. 75 00 Crs (31 Mar'17: Rs. 0) from Dhruvi Securities Private Limited at an interest rate of 12.25% p.a., payable on annual basis, repayable end of 3rd year (repayment starting from June' 2020) and categorized as non-current maturities of borrowings under Note 16.

(x) Inter corporate Loan of Rs. 150 00 Crs (31 Mar'17: Rs. 0) from GMR SEZ & Port Holdings Limited at interest free loan, repayable end of 11th month and categorized as current maturities of borrowings under Note 18.

(xi) Inter corporate Loan of Rs. 5 00 Crs (31 Mar'17: Rs. 0) from Raxa Security Services Limited at an interest rate of 12.50% payable on annual basis, repayable end of 3rd year and categorized as non-current maturities of borrowings under Note.16.

(xii) Inter corporate Loan of Rs. 3 35 Crs (31 Mar'17: Rs. 0) from Raxa Security Services Limited at an interest rate of 12.50% payable on annual basis, repayable on 31st March, 2018 and categorized as current maturities of borrowings under Note.18.



**Note.17****Provisions**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
<b>Non-current Provisions</b>		
Provision for employee benefits		
Provision for gratuity	52,56,505	14,34,415
Provision for leave benefits	1,20,11,815	1,03,56,027
<b>Total non-current provisions</b>	<b>1,72,68,320</b>	<b>1,17,90,442</b>
<b>Current Provisions</b>		
Provision for employee benefits		
Provision for leave benefits	6,22,272	5,18,065
Provision for other employee benefits	79,91,129	90,54,639
<b>Total current provisions</b>	<b>86,13,401</b>	<b>95,72,704</b>
<b>Total provisions</b>	<b>2,58,81,722</b>	<b>2,13,63,146</b>

**Note.18****Other Financial Liabilities**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
<b>Other financial liabilities at amortised cost</b>		
Current maturities of long-term borrowings	7,36,01,12,744	2,37,85,95,358
Interest accrued but not due on borrowings	71,08,048	97,74,543
Interest accrued and due on borrowings	1,06,69,32,350	1,60,36,98,562
Security deposit from vendors	1,63,71,869	1,28,62,140
Non trade payable	3,20,90,29,508	2,03,87,97,414
<b>Total</b>	<b>11,65,95,54,518</b>	<b>6,04,37,28,017</b>

**Note.19****Other Liabilities**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
<b>Non-Current balance</b>		
Deferred revenue	1,23,70,442	29,78,331
Security deposit from client	85,00,00,000	-
	<b>86,23,70,442</b>	<b>29,78,331</b>
<b>Current balance</b>		
Deferred revenue	5,95,542	3,92,310
TDS Payable	2,50,84,244	48,05,914
Other Payables	44,45,209	39,93,591
	<b>3,01,24,995</b>	<b>91,91,816</b>
<b>Total</b>	<b>89,24,95,437</b>	<b>1,21,70,147</b>



**Note.20****Revenue from operations**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
Operating Income		
Income from Lease	2,12,15,591	2,11,20,081
Total	2,12,15,591	2,11,20,081

**Note.21****Revenue from Other Income**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
Other Income		
Income from Mutual Funds investment	15,95,411	16,50,935.47
Unwinding of interest on Security Deposits	1,52,949	1,83,053.00
Total	17,48,360	18,33,988

**Note.22****Employee Benefit expenses**

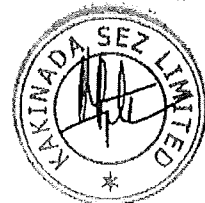
Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
Salaries, wages and bonus	2,11,09,810	2,12,47,049
Contribution to provident and other funds	13,80,005	15,22,916
Gratuity expenses	3,12,093	3,38,602
Staff welfare expenses	1,53,082	2,37,782
Total	2,29,54,991	2,33,46,350

**Note.23****Depreciation**

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
Depreciation		
On Buildings	42,97,040	42,88,464
On Office Equipment	5,01,049	6,25,968
On Electrical Equipments	18,36,334	20,39,812
	66,34,423	69,54,244



# Note.24

## Other Expenses

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
Expenses		
Statutory Auditor's Remuneration		
Auditors fees	2,51,250	2,51,250
Reimbursement-Expenses-Statutory Auditor - Fares	59,019	53,092
Tax-Fringe Benefit Tax	-	27,932
Business Promotion Expenses	41,27,501	36,91,669
Book & Periodicals	57,354	87,199
Advertisement Expenses	66,674	6,12,475
Membership Fee	70,400	1,35,087
Seminars & Conference	4,62,237	6,05,398
Sitting fees	1,85,300	3,61,800
Rates & Taxes & other exp.	91,720	26,33,508
Board Meeting - Other Exps	-	20,100
Community services	49,36,940	1,05,50,818
Travel Expenses	29,26,074	47,27,355
Communication	80,573	1,08,405
Consultancy	9,70,663	3,76,875
Office Maintenance	8,05,312	4,18,859
Printing and Stationery	28,407	87,828
Total	1,51,19,423	2,47,49,650

# Note.25

## Finance Cost

Amt in Rs.

Particulars	as at March 31,2018	as at March 31,2017
Finance Cost		
Interest & Finance Charges	2,14,38,381	2,52,46,083
	2,14,38,381	2,52,46,083



# KAKINADA SEZ LIMITED

## 26 Commitments and Contingencies

### I. Leases

#### Operating lease: Company as lessee

The company has entered into commercial leases on certain motor vehicles, Office premises and items of machinery. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.

	Amt in Rs.	
	31-Mar-18	31-Mar-17
Lease rental charged to CWIP		
Lease rentals under cancellable leases and non-cancellable leases	97,14,113	1,23,48,954

Future minimum rentals payable under non-cancellable operating leases are as follows:

Amt in Rs

	31-Mar-18	31-Mar-17
Within one year	25,00,000	25,00,000
After one year but not more than five years	75,00,000	1,00,00,000
More than five years		
Total	1,00,00,000	1,25,00,000

### II. Contingent Liabilities

Claims made against the company not acknowledged as debts

Amt in Rs.

	31-Mar-18	31-Mar-17
Income Tax Demand from the Department under the Income Tax Act, 1961	8,12,97,839	8,00,58,322
	8,12,97,839	8,00,58,322

### III. Commitments

Amt in Rs

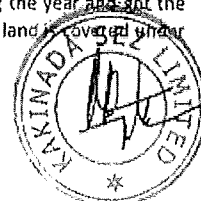
	31-Mar-18	31-Mar-17
a. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	4,62,421	13,33,47,113

27 The Company is in the process of acquiring Land from Government of Andhra Pradesh/APIIC. Extent of land handed over to the company through this process is 1879.51 Acres, of which agreement of sale is already entered with APIIC for 1563.22 Acres on 3rd Nov'2015 and registered.

28 Sundry Creditors Includes Rs NIL (Previous Year Rs. NIL) pertaining to Small Scale Industrial Undertakings (SSI) to the extent such parties have been identified from the available information/documents. There are no SSI units to whom the company owes a sum exceeding Rs 1.00 Lakhs and outstanding for more than 30 days (but not over due) as at 31st March 2018.

There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st march 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company

29 The Company is in the process of acquiring land for implementing a Multi Product Special Economic Zone within the meaning of Special Economic Zone Act 2005. The Company has obtained an Initial Notification from the Ministry of Commerce, Government of India vide Notification No. 635(E) dated 23rd April 2007 for an extent of 1035.6688 hectares, the formal approval for the same is initially given for 3 years from June 2006. The said formal approval is extended till August 2016. The company has obtained further notification from Government of India vide Notification No. 342(E) dated 6th February'2013 for an extent of 1013.64 hectares and the formal approval has been given initially for 3 years from February 2012, which on application by the company has been extended further upto February 2016. The company's proposal for merger of both approvals is approved by Ministry of Commerce in Dec' 2015, subsequently in January, 2016, the company's first SEZ client started operations and the SEZ became operational, hence extension of formal approval is no longer required. Out of 2049.3088 hectares land covered in the existing notification, the company applied for de-notification of 170.0015 hectares during the year and got the approval from Ministry of commerce and industry. Subsequent to denotification as stated above, 1879.3073 hectares of land covered under SEZ notified area.



30 Land acquisition for SEZ Project comprises direct purchases, Land acquired from APIIC, and Land awarded by Government of Andhra Pradesh (GOAP) through notification. The Land acquired through awards by GOAP includes, payment towards structures, standing crops, solatium and interest from the date of notification till the date of award. All the above costs are treated as part of land acquisition cost

31 In respect of ongoing land acquisition process, there are claims of different types pending before various judicial forums such as, disputes between claimants, or writ petitions filed against property acquisitions of land etc. As these cases are subject to judicial verdicts which are pending, the final impact if any on financial statements of company towards the ongoing project execution is not determinable as on the date of Balance Sheet.

32 Further to the acquisition of land for development of Special Economic Zones the company has initiated various rehabilitation and resettlement initiatives to relocate the inhabitants residing in the land acquired. The amount of expenditure incurred by the company towards rehabilitation and resettlement initiatives amounting to Rs. 72,76,54,906/- (31st March 2017: Rs.72,39,93,130/-) is treated as part of land acquisition cost and is grouped along with capital work-in-progress. The company had estimated that additional cost of Rs.41.03 Crores is likely to be incurred towards rehabilitation and resettlement as required under Ind AS 37, no provision has been made in this regard, as the negotiations with the beneficiaries towards obtaining possession of land necessitating the rehabilitation is still going on and once the potential obligation is materialized, the same will be provided for.

33 The company incurred a sum of Rs.226.42 Cr (Previous Year Rs. 190.23 Cr) towards expenditure in respect of ongoing SEZ project under execution by the company. This expenditure is directly connected with land acquisitions which is the primary asset of the project. Other expenditure incurred which is not directly connected with the ongoing land acquisitions is treated as period cost and charged off to the profit and loss account.

34 The expenditure during the previous year in respect of the project includes Rs.314,89,04,000/- towards non-prejudicial additional compensation for Land owners and farmers announced by special officer for land acquisition to hasten the proposed project activities, this is in addition to the statutory compensation already paid. An amount of Rs. 134,22,91,405/- has been paid by the company in this regard. For the remaining amount of Rs. 180,66,12,595/- provision is shown in non-trade payables (Note 18 - Other Financial Liabilities).

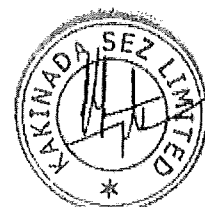
35 The following is the computation of Earnings Per Share (EPS):

#### 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.

Amt in Rs.		
Particulars	31-Mar-18	31-Mar-17
Profit/(Loss) attributable to equity holders	(4,31,83,267)	(5,73,42,257)
Weighted Average number of equity shares used for computing Earning Per Share (Basic)	9,39,94,316	9,39,94,316
Earning Per Share (Basic) (Rs)	(0.46)	(0.61)
Face value per share (Rs)	10	10





KAKINADA SEZ LIMITED

26 Commitments and Contingencies

I. Leases

Operating lease: Company as lessee

The company has entered into commercial leases on certain motor vehicles, Office premises and items of machinery. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the company by entering into these leases.

	Amt in Rs	
Lease rental charged to CWIP	31-Mar-18	31-Mar-17
Lease rentals under cancellable leases and non-cancellable leases	97,14,113	1,23,48,954

Future minimum rentals payable under non-cancellable operating leases are as follows:

Amt in Rs

	31-Mar-18	31-Mar-17
Within one year	25,00,000	25,00,000
After one year but not more than five years	75,00,000	1,00,00,000
More than five years	-	-
Total	1,00,00,000	1,25,00,000

II. Contingent Liabilities

Claims made against the company not acknowledged as debts

Amt in Rs

	31-Mar-18	31-Mar-17
Income Tax Demand from the Department under the Income Tax Act, 1961	8,12,97,839	8,00,58,322
	8,12,97,839	8,00,58,322

III. Commitments

Amt in Rs

	31-Mar-18	31-Mar-17
a. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	4,62,421	13,33,47,113

27 The Company is in the process of acquiring Land from Government of Andhra Pradesh/APIIC. Extent of land handed over to the company through this process is 1879.51 Acres, of which agreement of sale is already entered with APIIC for 1563.22 Acres on 3rd Nov'2015 and registered.

28 Sundry Creditors includes Rs NIL (Previous Year Rs. NIL) pertaining to Small Scale Industrial Undertakings (SSI) to the extent such parties have been identified from the available information/documents. There are no SSI units to whom the company owes a sum exceeding Rs 1.00 Lakhs and outstanding for more than 30 days (but not over due) as at 31st March 2018.

There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st march 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

29 The Company is in the process of acquiring land for implementing a Multi Product Special Economic Zone within the meaning of Special Economic Zone Act 2005. The Company has obtained an Initial Notification from the Ministry of Commerce, Government of India vide Notification No. 635(E) dated 23rd April 2007 for an extent of 1035.6688 hectares, the formal approval for the same is initially given for 3 years from June 2006. The said formal approval is extended till August 2016. The company has obtained further notification from Government of India vide Notification No. 342(E) dated 6th February'2013 for an extent of 1013.64 hectares and the formal approval has been given initially for 3 years from February 2012, which on application by the company has been extended further upto February 2016. The company's proposal for merger of both approvals is approved by Ministry of Commerce in Dec' 2015, subsequently in January, 2016, the company's first SEZ client started operations and the SEZ became operational, hence extension of formal approval is no longer required. Out of 2049.3088 hectares land covered in the existing notification, the company applied for de-notification of 170.0015 hectares during the year and got the approval from Ministry of commerce and industry. Subsequent to denotification as stated above, 1879.3073 hectares of land is covered under SEZ notified area.

30 Land acquisition for SEZ Project comprises direct purchases, Land acquired from APIIC, and Land awarded by Government of Andhra Pradesh (GOAP) through notification. The Land acquired through awards by GOAP includes, payment towards structures, standing crops, solatium and interest from the date of notification till the date of award. All the above costs are treated as part of land acquisition cost.

31 In respect of ongoing land acquisition process, there are claims of different types pending before various judicial forums such as, disputes between claimants or writ petitions filed against property acquisitions of land etc. As these cases are subject to judicial verdicts which are pending, impact of any on financial statements of company towards the ongoing project execution is not determinable as on the date of Balance Sheet.



- 32 Further to the acquisition of land for development of Special Economic Zones the company has initiated various rehabilitation and resettlement initiatives to relocate the inhabitants residing in the land acquired. The amount of expenditure incurred by the company towards rehabilitation and resettlement initiatives amounting to Rs. 72,76,54,906/- (31st March 2017: Rs.72,39,93,130/-) is treated as part of land acquisition cost and is grouped along with capital work-in-progress. The company had estimated that additional cost of Rs.41.03 Crores is likely to be incurred towards rehabilitation and resettlement as required under Ind AS 37, no provision has been made in this regard, as the negotiations with the beneficiaries towards obtaining possession of land necessitating the rehabilitation is still going on and once the potential obligation is materialized, the same will be provided for.
- 33 The company incurred a sum of Rs.226.42 Cr (Previous Year Rs 190.23 Cr) towards expenditure in respect of ongoing SEZ project under execution by the company. This expenditure is directly connected with land acquisitions which is the primary asset of the project. Other expenditure incurred which is not directly connected with the ongoing land acquisitions is treated as period cost and charged off to the profit and loss account.
- 34 The expenditure during the previous year in respect of the project includes Rs.314,89,04,000/- towards non-prejudicial additional compensation for Land owners and farmers announced by special officer for land acquisition to hasten the proposed project activities, this is in addition to the statutory compensation already paid. An amount of Rs 134,22,91,405/- has been paid by the company in this regard. For the remaining amount of Rs. 180,66,12,595/- provision is shown in non-trade payables (Note 18 - Other Financial Liabilities)
- 35 The following is the computation of Earnings Per Share (EPS):
- 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.

Amt in Rs.		
Particulars	31-Mar-18	31-Mar-17
Profit/(Loss) attributable to equity holders	(4,31,83,267)	(5,73,42,257)
Weighted Average number of equity shares used for computing Earning Per Share (Basic)	9,39,94,316	9,39,94,316
Earning Per Share (Basic) (Rs)	(0.46)	(0.61)
Face value per share (Rs)	10	10



Note.36

Related Party Transactions

(A) List of Related Party with whom transactions has taken place

Disclosures in respect of related parties as defined in Ind AS 24, with whom transactions have taken place during the year, are given

List of Related Parties

Name of the Company	Nature of Relationship
GMR Enterprises Pvt. Ltd (GEPL)	Ultimate Holding Company
GMR SEZ and Port Holding Ltd (GSPHL)	Holding Company
GMR Infrastructure Limited (GIL)	Holding Company's Holding Company
GMR Energy Limited (GEL)	Fellow Subsidiary
GMR Kakinada Energy Pvt. Ltd (GKEPL)	Fellow Subsidiary
GMR Krishnagiri SIR Limited (GKSL)	Fellow Subsidiary
GMR Hyderabad International Airport Ltd (GHIAL)	Fellow Subsidiary
GMR Hospitality & Retail Ltd (GHRL)	Fellow Subsidiary
GMR Aviation Private Limited (GAPL)	Fellow Subsidiary
Raxa Security Services Limited (RAXA)	Fellow Subsidiary
GMR Varalakshmi Foundation (GVF)	Group Company
GMR Airport Developers Limited (GADL)	Fellow Subsidiary
GMR Highways Ltd (GHL)	Fellow Subsidiary
GMR Vemagiri Power Generation Limited	Fellow Subsidiary
Kakinada Gateway Port Limited	Wholly owned Subsidiary
GMR Kamalanga Energy Limited (GKEL)	Fellow Subsidiary of Holding Company (GIL)
GMR Chattishgarh Energy Ltd (GCEL)	Fellow Subsidiary of Holding Company (GIL)
GMR Ulundurpet Expressways Pvt Ltd (GUEPL)	Fellow subsidiary of Holding Company (GIL)
Gmr Hyderabad Vijayawada Express Ways Pvt Ltd (GHVEPL)	Fellow Subsidiary of Holding Company (GIL)
GMR Gujarat Solar Power Private LTD (GGSPPL)	Fellow Subsidiary of Holding Company (GIL)
GMR Family Fund Trust (GFFT)	Enterprise where key managerial personnel and their relatives exercise
Dhruvi Securities Pvt Ltd	Fellow Subsidiary
GMR Generation Assets Ltd	Fellow Subsidiary
GMR Aerostructures Services Limited	Fellow Subsidiary
GMR Genco Assets Limited	Fellow Subsidiary
Delhi International Airport Pvt Ltd	Fellow Subsidiary
GMR Coastal Energy Pvt Ltd	Fellow Subsidiary
Kakinada Infrastructure Holdings Pvt. Ltd (KIHPL)	Significant Influence
Padma Priya Properties Pvt Ltd	Fellow Subsidiary
GMR Energy Trading Limited	Fellow Subsidiary

Details relating to Key Managerial Personnel

1) Mr. C R M Naidu, Manager
2) Mr. Srinivasa Rao Suru, CFO
3) Mr. G V Suresh Kumar, Company Secretary

Salaries of Key Managerial Personnel

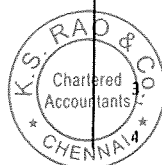
Amount in Rs

Sl.No	Particulars of Remuneration	Mr. Srinivasa Rao Suru, CFO	Mr. C R M Naidu, Manager	Mr. G V Suresh Kumar, Company Secretary	Total
	(a) short-term employee benefits	34,46,546	28,25,122	21,58,577	84,30,245
	(b) post-employment benefits	-	-	-	-
	(c) other long-term benefits;	-	-	-	-
	(d) termination benefits;	2,61,120	2,12,670	1,67,186	6,40,975
	(e) share-based payment.	-	-	-	-
	<b>Total</b>	<b>37,07,665</b>	<b>30,37,792</b>	<b>23,25,763</b>	<b>90,71,220</b>

I. Transactions with Related Parties

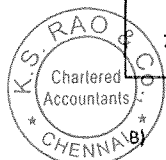
Amt in Rs.

Sl. No.	Particulars	2017-2018	2016-2017
A)	Transactions during the year		
1	Loan from Group companies		
	GMR Infrastructure Limited	92,93,90,000	4,49,15,00,000
	GMR Highways Limited	1,58,50,00,000	9,00,00,000
	Padma Priya Properties Pvt Ltd	-	9,46,06,494
	Kakinada Refinery & Petrochemicals Pvt Ltd	-	4,29,34,359
	Namitha Real Estates Pvt Ltd	-	50,00,000
	GMR Genco Assets Limited	15,00,00,000	-
	GMR Aerostructures Services Limited	25,10,00,000	-
	GMR Generation Assets Ltd	1,25,00,00,000	-
	Dhruvi Securities Pvt Limited	75,00,00,000	-
	GMR SEZ and Port Holdings Ltd	1,50,00,00,000	-
	Raxa Security Services Limited	8,35,00,000	-
	GMR SEZ and Port Holding Pvt. Ltd	1,50,00,00,000	-
2	Loan repaid to group companies		
	Padma Priya Properties Pvt Ltd	-	14,39,55,535
	Namitha Real Estates Pvt Ltd	-	50,00,000
	GMR Infrastructure Limited	4,54,53,52,809	2,86,50,00,000
	Security Charges		
	Raxa Security Services Limited	1,60,96,363	1,55,79,056
	Interest on group company loans		



	Dhruvi Securities Pvt Ltd	6,26,09,247	-
	GMR Infrastructure Limited	1,33,79,39,859	1,52,98,52,560
	GMR Highways Limited	16,72,28,767	1,69,98,973
	Padma Priya Properties Pvt Ltd	-	71,18,410
	GMR Genco Assets Limited	1,83,75,000	65,84,795
	Kakinada Refinery & Petrochemicals Pvt Ltd	52,59,459	24,49,611
	Namitha Real Estates Pvt Ltd	-	2,03,048
	GMR Aerostructures Services Limited	2,42,36,138	-
	GMR Generation Assets Ltd	11,79,79,452	-
	Raxa Security Services Limited	25,43,664	-
	GMR SEZ & Port Holdings Limited	12,23,78,000	-
	GMR Energy Trading Limited	27,68,836	-
5	Rent		
	GMR Hyderabad International Airport Ltd	30,14,083	23,47,407
6	Bus Hire, Electricity & IT & Communication Charges		
	GMR Hyderabad International Airport Ltd	14,93,268	19,79,808
7	Boarding & Lodging		
	GMR Hospitality & Retail Ltd (GHRL)	4,27,951	60,707
8	Reimbursement of Expenses to		
	GMR Enterprises Pvt. Ltd. (GEPL)	1,000	2,105
	GMR Varalaxmi Foundation	50,96,646	1,07,27,109
	GMR Infrastructure Limited	2,11,08,940	2,85,95,967
	GMR Krishnagiri SEZ Limited	75,803	3,34,257
	Delhi International Airport Limited	5,59,035	5,96,420
	GMR Airport Developers Private Limited	23,96,943	54,69,746
	ANAHATA CREATIONS LLP	-	55,550
	GMR Hyderabad International Airport Ltd	27,885	98,877
	GMR Energy Limited	-	1,43,750
9	Reimbursement of Expenses by		
	- GMR Energy Limited	-	(1,25,625)
	- GMR Vemagiri Power Generation Limited	-	(64,717)
	- Kakinda Gateway Port Limited	-	(7,720)
	-GMR Hyderabad Vijayawada express way Pvt Ltd	4,052	-
10	Asset Purchase from		
	- GMR Hyderabad International Airport Ltd	-	78,364
	- GMR Energy Limited	2,70,000	-
B)	Outstanding balances at the Period Ended		
1	Issued Capital		
	- GMR SEZ and Port Holding Ltd		47,93,71,010
2	Land Aggregation & Material Supply		
	- GMR Enterprises Private Limited	50,00,00,000	50,00,00,000
3	Loan from Group companies		
	-GMR Infrastructure Limited	9,79,68,33,928	13,41,27,96,736
	-GMR Highways Limited	1,72,50,00,000	14,00,00,000
	GMR Genco Assets Limited	15,00,00,000	15,00,00,000
	Kakinada Refinery & Petrochemicals Pvt Ltd	4,29,34,359	4,29,34,359
	GMR Aerostructures Services Limited	25,10,00,000	-
	GMR Generation Assets Ltd	1,25,00,00,000	-
	Dhruvi Securities Pvt Limited	75,00,00,000	-
	GMR SEZ and Port Holdings Ltd	1,50,00,00,000	-
	- Raxa Security Services Limited	8,35,00,000	-
4	Creditors/Payable		
	-GMR Infrastructure Limited	67,29,64,067	1,58,11,64,038
	- GMR Hyderabad International Airport Ltd	39,04,222	33,18,877
	- GMR Krishnagiri SEZ Limited	-	3,34,257
	- Delhi International Airport Limited	-	12,83,089
	- Raxa Security Services Limited	41,87,228	13,31,051
	- GMR Varalaxmi Foundation	-	26,68,619
	- GMR Highways Limited	1,52,07,49,217	1,70,14,075
	- GMR Enterprises Pvt Ltd	1,120	1,050
	- GMR AIRPORT DEVELOPERS LIMITED	39,90,970	31,13,242
	- GMR Genco Assets Limited	2,24,63,815	59,26,313
	- Kakinada Refinery & Petrochemicals Pvt Ltd	49,38,163	22,04,650
	GMR Aerostructures Services Limited	2,18,12,525	-
	GMR Generation Assets Ltd	11,67,38,014	-
	Dhruvi Securities Pvt Limited	5,63,48,322	-
	Raxa Security Services Limited	25,18,227	-
	GMR Energy Trading Limited	24,91,952	-
5	Security Deposit Payable		
	- GMR Energy Trading Limited	85,00,00,000	-
6	Debtors/Receivable		
	-GMR Infrastructure Limited	28,99,648	-
	-GMR Hyderabad Vijayawada express way Pvt Ltd	4,052	-
7	Security Deposit receivable		
	- Raxa Security Services Limited	42,00,000	42,00,000

Securities Provided to Group Companies



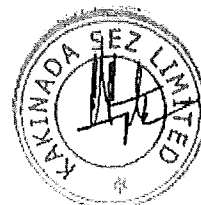
Sl. No.	Counter Party Group Company	Code No	Nature of Transaction
1	GMR Infrastructure Limited	IC6100	Security provided by way of Pari passu First charge on the land of Kakinada SEZ Ltd for the Term loan availed by them from LIC of India to the extent of Rs. 600 Cr
2	GMR Infrastructure Limited	IC6100	Security provided by way of Subservient charge on the land of Kakinada SEZ Ltd for the Term Loan availed by them from ICICI Bank to the extent of Rs. 1000 Cr
3	GMR Infrastructure Limited	IC6100	Security provided by way of Subservient charge on the land of Kakinada SEZ Ltd against the NCDs of GIL and Term Loan availed by GIL from ICICI Bank to the extent of Rs. 1044 Cr.
4	GMR Infrastructure Limited	IC6100	Security provided by way of Subservient charge on the land of Kakinada SEZ Ltd against the corporate loan availed by GIL from IFCI Limited to the extent of Rs. 250Cr.

C) Transactions with Group Companies absorbed into Investment Property Under Development

Sl. No.	Counter Party Group Company	Nature of Transaction	2017-2018	2016-2017
1	GMR Infrastructure Limited	Share of corporate Exp	2,11,08,940	2,85,95,967
2	GMR Krishnagiri SEZ Ltd	SGA - Inland Travel - Other Expenses	75,803	-
3	GMR Hyderabad International Airport Limited	Various Expenses	45,35,236	44,26,093
4	GMR Airport Developers Limited	SGA - Salaries & Allowances - Variable Pay	23,96,943	54,69,746
5	GMR SEZ & PORT HOLDINGS PRIVATE LIM	Finance Charges - Upfront Fees	12,23,78,000	-
6	GMR Hospitality & Retail Ltd	SGA - Inland Travel - Other Expenses	2,24,090	13,027
7	Raxa Security Services Limited	Security Charges	1,60,96,363	1,55,79,056
8	DELHI INTERNATIONAL AIRPORT PVT LTD	Travel expenses of Mr. Prasanna Sir	5,59,035	5,96,420
21	GMR Energy Trading Limited	Interest on Loan - Security Deposit	27,68,836	-
9	GMR Energy Limited	SGA - Consultancy Charges - Others	-	(1,25,625)
10	GMR Family Fund Trust	Rent & Maintenance	-	1,91,54,671
11	GMR Infrastructure Limited	Interest on Loan	1,33,79,39,859	1,52,98,52,560
12	GMR Highways Ltd	Interest on Loan	16,72,28,767	1,69,98,972
13	Padmapriya Properties Pvt Ltd	Interest on Loan	-	71,18,410
14	Namitha Real Estates Pvt Ltd	Interest on Loan	-	2,03,048
15	GMR Genco Assets Limited	Interest on Loan	1,83,75,000	65,84,795
16	Kakinada Refinery & Petrochemicals Pvt Ltd	Interest on Loan	52,59,459	24,49,611
17	GMR Aerostructures Services Limited	Interest on Loan	2,42,36,138	-
18	GMR Generation Assets Ltd	Interest on Loan	11,79,79,452	-
19	Dhruvi Securities Private Limited (DSPL)	Interest on Loan	6,26,09,247	-
20	Raxa Security Services Limited	Interest on Loan	25,43,664	-
	<b>Total</b>		<b>1,90,63,14,832</b>	<b>1,63,69,16,751</b>

D) Transactions with Group Companies absorbed into P&L

Sl. No.	Counter Party Group Company	Nature of Transaction	2017-2018	2016-2017
1	GMR Hospitality & Retail Limited	SGA - Inland Travel - Other Expenses	2,03,861	47,680
2	GMR Varalaxmi Foundation	CSW Expenses	50,96,646	1,07,27,109
3	GMR Krishnagiri SEZ Ltd	SGA - Inland Travel - Other Expenses	-	3,34,257
4	GMR Enterprises Pvt Ltd	Copy right - use of logo GMR-artistic work - 2015 - 2016	1,000	2,105
	<b>Total</b>		<b>53,01,507</b>	<b>1,11,11,151</b>



**Note.37**

**Gratuity and other post-employment benefit plans**

**(i) Defined Benefit Plan**

**Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is a funded Gratuity Scheme.

	Amounts in Rupees	
	31-03-2018	31-Mar-17
Gratuity Plan:		
Defined benefit obligation (DBO)	(94,93,548)	(66,67,074)
Fair value of plan assets (FVA)	42,37,043	52,32,659
Net defined benefit asset/(liability)	(52,56,505)	(14,34,415)

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss/OCI and amounts recognised in the balance sheet for defined benefit plans/obligations

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2018

Particulars	31-03-2018	31-03-2017
Current Service Cost	23,27,501	9,58,531
Net Interest Cost	98,122	2,16,852
	24,25,623	11,75,382

Amount recognised in Other Comprehensive Income for the year ended 31st March, 2018

	Gratuity	
Particulars	31-03-2018	31-03-2017
Actuarial (gain)/ loss on obligations	14,54,804	(35,913)

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2018 are as follows.

Particulars	31-03-2018	31-03-2017
Opening defined obligation	66,67,074	75,02,249
Current service cost	6,82,300	9,58,531
Interest cost on the DBO	4,22,455	5,85,175
Past service cost plan amendments	16,45,201	-
Acquisition (credit)/cost	46,511	(23,42,968)
Actuarial (gain)/ loss - experience	17,31,371	(3,59,391)
Actuarial (gain)/ loss - demographic assumptions	-	-
Actuarial (gain)/ loss - Financial assumptions	(2,67,348)	3,23,478
Benefits paid from plan assets	(14,34,016)	-
Actuarial (gain)/ loss on obligations	-	-
Defined benefit obligation	94,93,548	66,67,074

Changes in the fair value of the plan assets for the year ended 31st March, 2018 are as follows

Particulars	31-03-2018	31-03-2017
Fair value of assets at the end of the prior period	52,32,659	46,96,120
Acquisition adjustment	-	-
Interest income on plan assets	3,24,333	3,68,324
Employer contributions	1,04,848	51,974
Return on plan assets greater/ (lesser) than discount rate	9,219	1,16,241
Benefits paid	(14,34,016)	-
Fair value of assets at the end of the current period	42,37,043	52,32,659

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below

Particulars	Gratuity	
	31-Mar-18	31-Mar-17
Discount rate (in %)	7.60%	7.10%
Salary Escalation (in %)	6%	6%

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:

**Gratuity Plan**

Assumptions  
Sensitivity Level

	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	Discount rate		Future salary increases	
	7.60%	7.10%	6%	6%
	INR Lacs	INR Lacs	INR Lacs	INR Lacs



Impact on defined benefit obligation

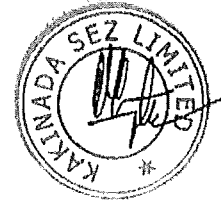
The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period

The following payments are expected contributions to the defined benefit plan in future years:

	31-Mar-18	31-Mar-17
Within the next 12 months (next annual reporting period)	6,35,590	4,58,646

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (31 March 2018: 10 years)

- (ii) Liability towards leave encashment based on actuarial valuation amounts to Rs. 1,26,34,087/- as at March 31, 2018 (March 31, 2017 Rs. 1,08,74,092/-)





### Note.38

#### 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's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

	At 31 March 2018	At 31 March 2017
Borrowings	16,48,71,56,844	15,65,90,63,048
Total debt	16,48,71,56,844	15,65,90,63,048
Capital Components		
share Capital	93,99,43,161	93,99,43,161
Other equity	(14,26,29,173)	(9,79,91,101)
Total Capital	79,73,13,988	84,19,52,060
Capital and net debt	17,28,44,70,832	16,50,10,15,107
Gearing ratio (%)	95%	95%

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 years ended 31 March 2018 and 31 March 2017.



**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.

**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. 170,53,17,490 and Rs. 167,49,46,772/- 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.

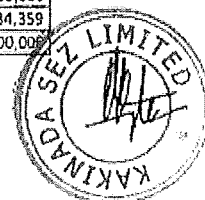
**Liquidity risk**

Liquidity risk refers to the risk that the Group 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 Group has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Group has access to funds from debt markets through convertible debentures, non-convertible debentures, bonds and other debt instruments. The Group invests its surplus funds in bank fixed deposit and in mutual funds, which carries no or low market risk.

The Group monitors its risk of a shortage of funds on a regular basis. The Group'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 Group'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.

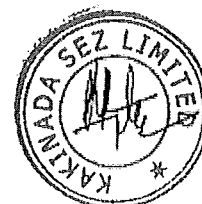
(Rs. in crore)				
Particulars	0-1 year	1 to 5 years	> 5 years	Total
<b>March 31, 2018</b>				
Borrowings (other than convertible preference shares)	7,36,01,12,744	9,12,70,44,100	-	16,48,71,56,844
Other financial liabilities	1,07,40,40,399	1,63,71,869	-	1,09,04,12,267
Non Trade payables	1,36,32,75,845	3,20,90,29,500	-	4,57,23,05,353
<b>Total</b>	<b>9,79,74,28,987</b>	<b>12,35,24,45,477</b>	<b>-</b>	<b>22,14,98,74,464</b>
<b>Borrowings (other than convertible preference shares)</b>				
Related Party- Entity wise	6,61,15,23,358	8,93,77,44,928	-	15,54,92,68,286
GMR Infrastructure Limited	5,02,80,23,358	4,76,88,10,569	-	9,79,68,33,927
GMR Highways Limited	5,00,00,000	1,67,50,00,000	-	1,72,50,00,000
GMR Genco Assets Limited	-	15,00,00,000	-	15,00,00,000
Kakinada Refinery & Petrochemicals Pvt Ltd	-	4,29,34,359	-	4,29,34,359
GMR Aerostructures Services Limited	-	25,10,00,000	-	25,10,00,000



GMR Generation Assets Ltd	-	1,25,00,00,000	-	1,25,00,00,000
Ohruvi Securities Pvt Limited	-	75,00,00,000	-	75,00,00,000
GMR SEZ and Port Holdings Ltd	1,50,00,00,000	-	-	1,50,00,00,000
Raxa Security Services Limited	3,35,00,000	5,00,00,000	-	8,35,00,000
Others (from Banks, financial institution and others)	74,85,89,386	18,92,99,172	-	93,78,88,558
Total	7,36,01,12,744	9,12,70,44,100	-	16,48,71,56,844

Other financial liabilities				
Related Party- Entity wise	1,06,69,32,350	-	-	1,06,69,32,350
GMR Infrastructure Limited	67,29,64,067	-	-	67,29,64,067
GMR Highways Limited	16,91,49,217	-	-	16,91,49,217
GMR HOSUR ENERGY LIMITED	2,24,63,815	-	-	2,24,63,815
Kakinada Refinery and Petro chemicals Pvt Limited	49,38,163	-	-	49,38,163
GMR Generation Assets Ltd	11,67,38,014	-	-	11,67,38,014
GMR HYDERABAD AIRPORT RESOURCE	2,18,12,525	-	-	2,18,12,525
Raxa Security Services Limited	25,18,227	-	-	25,18,227
Ohruvi Securities Pvt Ltd	5,63,48,322	-	-	5,63,48,322
Others	71,08,048	1,63,71,869	-	2,34,79,917
Total	1,07,40,40,398	1,63,71,869	-	1,09,04,12,267

Trade payables				
Related Party- Entity wise	1,36,32,75,845	-	-	1,36,32,75,845
GMR HOTEL DIVISION Total	(67,434)	-	-	(67,434)
GMR AIRPORT DEVELOPERS LIMITED Total	39,90,970	-	-	39,90,970
GMR ENERGY TRADING LTD Total	24,91,952	-	-	24,91,952
GMR ENTERPRISES PRIVATE LIMITED Total	1,120	-	-	1,120
GMR HIGHWAYS LIMITED Total	1,35,16,00,000	-	-	1,35,16,00,000
GMR HOSPITALITY AND RETAIL LTD. Total	67,434	-	-	67,434
GMR HYDERABAD INTERNATIONAL AIRPORT Total	39,04,223	-	-	39,04,223
GMR INFRASTRUCTURE LIMITED Total	(28,99,648)	-	-	(28,99,648)
RAXA SECURITY SERVICES LIMITED Total	41,87,228	-	-	41,87,228
Others	-	3,20,90,29,508	-	3,20,90,29,508
	1,36,32,75,845	3,20,90,29,508	-	4,57,23,05,353



Note No.40

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

(a) Financial assets and liabilities

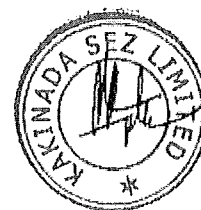
As at March 31, 2018

Particulars	Fair value through other comprehensive income	Fair value through profit or loss	Amortised cost	Total Carrying value	Total Fair value
<b>Financial assets</b>					
(i) Cash and cash equivalents	-	-	60,86,202	60,86,202	60,86,202
(ii) Trade Receivables	-	-	63,900	63,900	63,900
(iii) Loans	-	-	3,753	3,753	3,753
(iv) Other financial assets	-	-	25,02,58,353	25,02,58,353	25,02,58,353
<b>Total</b>	-	-	<b>25,64,12,208</b>	<b>25,64,12,208</b>	<b>25,64,12,208</b>
<b>Financial liabilities</b>					
(i) Borrowings	-	-	9,12,70,44,100	9,12,70,44,100	9,12,70,44,100
(ii) Non Trade payables	-	-	3,20,90,29,508	3,20,90,29,508	3,20,90,29,508
(iii) Other financial liabilities	-	-	9,34,30,20,447	9,34,30,20,447	9,34,30,20,447
<b>Total</b>	-	-	<b>21,67,90,94,055</b>	<b>21,67,90,94,055</b>	<b>21,67,90,94,055</b>

As at March 31, 2017

(Rs. in crore)

Particulars	Fair value through other comprehensive income	Fair value through profit or loss	Amortised cost	Total Carrying value	Total Fair value
<b>Financial assets</b>					
(i) Cash and cash equivalents	-	-	35,08,760	35,08,760	35,08,760
(ii) Trade Receivables	-	-	60,956	60,956	60,956
(iii) Loans	-	-	28,000	28,000	28,000
(iv) Other financial assets	-	-	21,61,77,672	21,61,77,672	21,61,77,672
<b>Total</b>	-	-	<b>21,97,75,388</b>	<b>21,97,75,388</b>	<b>21,97,75,388</b>
<b>Financial liabilities</b>					
(i) Borrowings	-	-	13,28,04,67,690	13,28,04,67,690	13,28,04,67,690
(ii) Non Trade payables	-	-	2,03,87,97,414	2,03,87,97,414	2,03,87,97,414
(iii) Other financial liabilities	-	-	4,01,71,00,750	4,01,71,00,750	4,01,71,00,750
<b>Total</b>	-	-	<b>19,33,63,65,854</b>	<b>19,33,63,65,854</b>	<b>19,33,63,65,854</b>



1. Significant accounting judgements, estimates and assumptions

(i) ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

(ii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed.

(iii) Taxes

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

The company has Rs 6,30,91,493/- (31 March 2016: NIL) of tax losses carried forward. These losses relate to a history of losses, expire in 8 years and may not be used to offset taxable income elsewhere in the company in view of availing tax deduction under Section 80IAB of the Income Tax Act, 1961. Deferred tax has to be recognized in respect of temporary difference, which reverse after the tax holiday period in the year in which the temporary difference originates and no deferred tax (assets or liabilities) is recognized in respect of temporary difference which reverse during tax holiday period, to the extent such gross total income is subject to the deduction during the tax holiday period. The Company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

(iv) Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 37.

(v) Contingencies

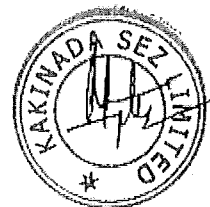
Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

(vi) Fair value measurement of financial instruments

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

(vii) The carrying amount of all financial assets and liabilities appearing in the financial statements is a reasonable approximation of fair values.

(viii) The company being a developer of SEZ, is eligible for claiming deduction of the profits from SEZ development activity under Section 80 IAB of Income tax act for a period of 10 consecutive years in the block of 15 years from date of notification of SEZ. The company was first notified as an SEZ on 23rd April 2007 and became operational in 2016 and accordingly the benefit of claiming deduction under Sec 80 IAB will be available till FY 2021-22.



**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 fulfillment 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.

**Amendments to Ind AS 40 - Transfers of Investment Property**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company will apply amendments when they become effective. However, since Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.

For K.S.Rao & Co  
Firm Regn.No: 0031095  
Chartered Accountants

For and on behalf of the Board of Directors

M.Krishna Chaithanya  
Partner  
Membership No.231282

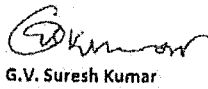


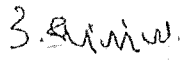
  
B.V.N.Rao  
Director

DIN: 00051167

  
P. Jayadev  
Director

DIN: 00782667

  
G.V. Suresh Kumar  
Company Secretary

  
Srinivasa Rao Suru  
CFO

Place: Hyderabad  
Date: 30th April, 2018

Place: Hyderabad  
Date: 30th April, 2018



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