Independent Auditor's Report

To the Members of Kakinada SEZ Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kakinada SEZ Limited ('the Company'), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended including a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

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 Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

a. We draw attention to Note 11(a), to the accompanying financial statements for the year ended 31 March 2020, 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.953.05 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.

K.S. RAO & Co. Chartered Accountants CHENNAI

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

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.

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

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

K.S. RAO & CO. Chartered Accountants CHENNAI

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

K.S. RAO & Co. Chartered Accountants CHENNAI

other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, to the extent applicable.

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 Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 27(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;

K.S. RAO & CO. Chartered Accountants CHENNAI

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

iv) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the company to its directors during the year is in accordance with the provisions of section 197 of the Act read with schedule V to the Act.

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

Mkchaithanya

Place: Chennai
Date: 30.05.2020

M. Krishna Chaithanya
Partner
Membership No. 231282
UDIN: 20231282AAAABC5412

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 2020, 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 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities as applicable.

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.

K.S. RAO & Co. Chartered Accountants CHENNAI

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, 2020 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)	111.15	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	1.36	1.36	AY 2011-2012	CIT Appeals
Income Tax (Penalty)	1.01	NIL	AY 2011-2012	Appeal is to be filed before CIT(A)
Income Tax	27.16	27.16	AY 2013-2014	CIT Appeals
Income Tax (Penalty)	27.16	NIL	AY 2013-2014	Appeal is to be filed before CIT(A)
Income Tax	12.39	2.48	AY 2015-2016	CIT Appeals
Income Tax (Penalty)	9.69	NIL	AY 2015-2016	Appeal is to be filed before CIT(A)
Income Tax	102.22	NIL	AY 2016-2017	CIT Appeals
Total	**953.05**	**502.59**		

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 except for the following:

Name of the Institution	Amount Defaulted	Period	Subsequently Paid
IFCI Ltd	18,75,00,000	Jan 19 – March 19	Yes
IFCI Ltd	18,75,00,000	April 19 – June 19	Yes

K.S. RAO & Co. Chartered Accountants CHENNAI

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 given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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 given 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. 003109S

M K chaithanya

K.S. RAO & CO. Chartered Accountants CHENNAI

Place: Chennai
Date: 30.05.2020

M. Krishna Chaithanya
Partner
Membership No. 231282
UDIN: 20231282AAAABC5412

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 2020 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.

K.S. RAO & CO. Chartered Accountants CHENNAI

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 2020, 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.

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

K.S. RAO & Co. Chartered Accountants CHENNAI

Mkchaithanya

Place: Chennai
Date: 30.05.2020

M. Krishna Chaithanya
Partner
Membership No. 231282
UDIN: 20231282AAAABC5412

KAKINADA SEZ LIMITED

Statement of standalone Assets and Liabilities as on 31st March 2020

(in Rs.)

Particulars	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)
1 ASSETS		
a) Non-current assets		
Property, plant and equipment	5,33,65,474	5,60,11,672
Capital work in progress	22,19,32,24,473	20,07,81,34,167
Investment property	13,29,64,488	13,76,85,825
Other intangible assets	51,344	1,09,925
Financial assets		
Investments	17,45,28,131	11,23,55,365
Loans	3,28,91,795	16,23,930
Other Financial Assets	16,14,133	19,66,310
Non-current balance of current tax assets (Net)	2,67,25,394	2,10,64,932
Other non-current assets	30,75,61,740	80,74,84,040
	22,92,29,26,972	**21,21,64,36,167**
b) Current assets		
Inventories		
Financial assets		
Loans and advances	-	83,334
Trade receivables	5,33,211	2,61,835
Cash and cash equivalents	1,81,27,783	1,79,19,714
Other financial assets	4,05,57,77,192	4,91,983
Other current assets	10,01,81,194	11,27,89,442
Assets classified as held for disposal	16,76,83,890	3,99,77,64,213
	4,34,23,03,270	4,12,93,10,522
TOTAL ASSETS (a+b)	**27,26,52,30,242**	**25,34,57,46,688**
2 EQUITY AND LIABILITIES	-	
a) Equity		
Equity share capital	93,99,43,161	93,99,43,161
Other equity	(14,57,54,701)	(12,43,75,258)
Equity contribution from parent company-Related party loan	-	
Total equity	**79,41,88,460**	**81,55,67,903**
b) Non-current liabilities		
Financial liabilities		
Borrowings	9,92,53,30,922	10,65,06,67,851
Other financial liabilities	95,58,10,068	96,12,44,578
Provisions	91,43,895	68,85,065
Other non current liabilities	2,12,38,283	3,03,08,400
	10,91,15,23,168	**11,64,91,05,895**
c) Current liabilities		
Financial liabilities		
Provisions	14,49,399	24,21,249
Other financial liabilities	13,50,70,94,102	10,63,84,92,636
Trade Payable		
Due to micro enterprises and small enterprises	98,16,163	-
Due to others	2,01,20,52,201	2,18,88,17,163
Other current liabilities	2,91,06,749	5,13,41,844
	15,55,95,18,614	**12,88,10,72,891**
TOTAL EQUITY AND LIABILITIES (a+b+c)	**27,26,52,30,242**	**25,34,57,46,688**

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

M.Krishna Chaithanya

K.S. RAO & CO. Chartered Accountants CHENNAI

M.Krishna Chaithanya
Partner
Membership No.231282

Place: Chennai
Date: 30th May, 2020

For and on behalf of the Board of Directors

B.V.N.Rao
Director
DIN: 00051167

P. Jayadev
Director
DIN No. 00782667

G.V. Suresh Kumar
Company Secretary
A7513

Srinivasa Rao Suru
CFO

Place: Hyderabad
Date: 30th May, 2020

KAKINADA SEZ LIMITED

KAKINADA SEZ LIMITED						
Statement of unaudited standalone financial results for Quarter and year ended March 31, 2020						
						(In Rs.)
	Particulars	Quarter ended			Year ended	
		31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
		Unaudited	Unaudited	Unaudited	Audited	Audited
A	**Continuing Operations**					
1	**Income**					
	a) Revenue from operations					
	i) Sales/income from operations	59,05,932	59,37,188	3,24,41,518	5,43,90,850	12,77,85,925
	ii) Other operating income	53,03,936	85,63,438	32,86,653	2,10,18,233	46,05,992
	b) Other income					
	Total income	**1,12,09,868**	**1,45,00,626**	**3,57,28,171**	**7,54,09,083**	**13,23,91,916**
2	**Expenses**					
	(a) Operating expenses	(0)	-	1,56,31,465	1,20,81,845	5,14,95,176
	(b) Employee benefits expense	27,07,795	32,67,911	26,90,047	1,16,95,993	1,11,47,230
	(c) Finance costs	80,91,177	79,48,284	48,87,439	3,46,62,509	2,65,82,473
	(d) Depreciation and amortisation expenses	16,66,509	16,85,010	16,35,885	67,02,851	66,32,423
	(e) Other expenses	33,53,960	27,69,248	1,17,53,510	1,64,19,860	1,81,04,479
	Total expenses	**1,58,19,441**	**1,56,70,453**	**3,65,98,346**	**8,15,63,058**	**11,39,61,781**
3	**Profit/(loss) before exceptional items and tax expense from continuing operations (1-2)**	**(46,09,573)**	**(11,69,827)**	**(8,70,175)**	**(61,53,975)**	**1,84,30,136**
4	Exceptional items					
5	**Profit/(loss) from continuing operations before tax expenses (3 ± 4)**	**(46,09,573)**	**(11,69,827)**	**(8,70,175)**	**(61,53,975)**	**1,84,30,136**
6	**Tax expenses of continuing operations**					
	(a) Current tax				-	10,61,048
	Less: Credit entitlement				-	(10,61,048)
	(b) Deferred tax					
7	**Profit/(loss) after tax from continuing operations (5 ± 6)**	**(46,09,573)**	**(11,69,827)**	**(8,70,175)**	**(61,53,975)**	**1,84,30,136**
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 (ii) Income tax relating to items that will be reclassified to profit or loss	1,51,012	13,332	(50,82,872)	(8,49,549)	(1,76,219)
9	Total other comprehensive income, net of tax for the respective periods	**1,51,012**	**13,332**	**(50,82,872)**	**(8,49,549)**	**(1,76,219)**
10	**Total comprehensive income for the respective periods (7 ± 9) [comprising Profit (loss) and Other comprehensive income (net of tax) for the respective periods]**	**(44,58,561)**	**(11,56,495)**	**(59,53,047)**	**(70,03,524)**	**1,82,53,917**
11	Paid-up equity share capital (face value Rs......per share)	**93,99,43,161**	**93,99,43,161**	**93,99,43,161**	**93,99,43,161**	**93,99,43,161**
12	Weighted average number of shares used in computing Earnings per share	**9,39,94,316**	**9,39,94,316**	**9,39,94,316**	**9,39,94,316**	**9,39,94,316**
13	**Earnings per equity share (for continuing operations)**					
	Basic & diluted ii) Diluted	**(0.05)**	**(0.01)**	**(0.06)**	**(0.06)**	**0.20**

The figures of the quarter ended March 31, 2020 and March 31, 2019 are the balancing figures between the audited figures in respect of the full financial year and the unaudited year to date figures upto the third quarter of the relevant financial years.

As per our report of even date

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

Mkchaithanya

M.Krishna Chaithanya
Partner
Membership No.231282

K.S. RAO & CO. Chartered Accountants CHENNAI

Place: Chennai
Date: 30th May, 2020

For and on behalf of the Board of Directors

B.V.N.Rao
Director
DIN: 00051167

P. Jayadev
Director
DIN No. 00782667

G.V. Suresh Kumar
Company Secretary
A 7513

Srinivasa Rao Suru
CFO

Place: Hyderabad
Date: 30th May, 2020

KAKINADA SEZ LIMITED

KAKINADA SEZ LIMITED
AUDITED BALANCE SHEET AS AT 31ST MARCH 2020

Particulars	Notes	March 31, 2020	March 31, 2019
Assets:			
Non-Current Assets			
Property , Plant and Equipment	3	5,33,65,474	5,60,11,672
Investment Property	4	13,29,64,488	13,76,85,825
Investment Property under construction	5	22,19,32,24,473	20,07,81,34,167
Intangible assets	6	51,344	1,09,925
Investment in subsidaries	7	-	-
Financial Assets			
Investments	7	17,45,28,131	11,23,55,365
Loans	8	3,28,91,795	16,23,930
Other Financial Assets	9	16,14,133	19,66,310
Deferred Tax Assets (Net)	10	10,61,048	10,61,048
Income tax assets (net)	10	2,56,64,346	2,00,03,884
Other non-current assets	11	30,75,61,740	80,74,84,040
		22,92,29,26,972	**21,21,64,36,167**
Current Assets			
Financial Assets			
Trade receivables	12	5,33,211	2,61,835
Cash and cash equivalents	13	1,81,27,783	1,79,19,714
Loans	8	-	83,334
Other Financial Assets	9	4,05,57,77,192	4,91,983
Other current assets	11	10,01,81,194	11,27,89,442
Assets classified as held for disposal	11	16,76,83,890	3,99,77,64,213
		4,34,23,03,270	**4,12,93,10,522**
Total Assets		**27,26,52,30,242**	**25,34,57,46,688**
Equity & Liabilities:			
Equity			
Equity Share Capital	14	93,99,43,161	93,99,43,161
Other equity	15	(14,57,54,701)	(12,43,75,258)
Liabilities		-	
Non-Current Liabilities			
Financials Liabilities			
Borrowings	16	9,92,53,30,922	10,65,06,67,851
Other financial liabilities	18	95,58,10,068	96,12,44,578
Provisions	17	91,43,895	68,85,065
Deferred Tax Laibility		-	-
Other Non-current Liabilities	19	2,12,38,283	3,03,08,400
Current liabilities			
Financial Liabilities			
Borrowings		-	-
Trade Payables			
Due to micro enterprises and small enterprises		93,16,163	-
Due to others	18	2,01,20,52,201	2,18,88,17,163
Other financial liabilities	18	13,50,70,94,102	10,63,84,92,636
Other current Liabilities	19	2,91,06,749	5,13,41,844
Provisions	17	14,49,399	24,21,249
Total Equity & Liabilities		**27,26,52,30,242**	**25,34,57,46,688**
Significant Accounting Policies & Disclosures	1&2		

As per our report of even date

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

K.S. RAO & CO. Chartered Accountants CHENNAI

M.K. Chaithanya

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 No. 00782667

G.V. Suresh Kumar
Company Secretary
A7513

Srinivasa Rao Suru
CFO

Place: Chennai
Date: 30th May, 2020

Place: Hyderabad
Date: 30th May, 2020

KAKINADA SEZ LIMITED

KAKINADA SEZ LIMITED

Statement of Audited Profit and Loss for the year ended March 31, 2020

Amt in Rs.

Particulars	**Notes**	**01st April-2019 to 31st March, 2020**	**01st April-2018 to 31st March, 2019**
CONTINUING OPERATIONS			
Revenue from operations	20	5,43,90,850	12,77,85,925
Other income	21	2,10,18,233	46,05,992
Total Revenue		**7,54,09,083**	**13,23,91,916**
Expenses			
Operating expenses	22	1,20,81,845	5,14,95,176
Employee Benefits Expense	23	1,16,95,993	1,11,47,230
Depreciation	24	67,02,851	66,32,423
Finance Costs	25	3,46,62,509	2,65,82,473
Other Expenses	26	1,64,19,860	1,81,04,479
Total Expenses		**8,15,63,058**	**11,39,61,781**
Profit/(loss) before exceptional items and tax		**(61,53,975)**	**1,84,30,136**
Exceptional items		-	-
Profit/(loss) before and tax		**(61,53,975)**	**1,84,30,136**
(1) Current tax			10,61,048
Less: MAT Credit Entitlement			(10,61,048)
(2) Deferred tax		-	-
Income tax expense		-	-
Profit/(loss) for the year		**(61,53,975)**	**1,84,30,136**
Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans		(8,49,549)	(1,76,219)
Income tax effect			
Other Comprehensive Income for the Year- (B)		**(8,49,549)**	**(1,76,219)**
Total comprehensive income for the year (A+B)		**(70,03,524)**	**1,82,53,917**
Earning Per Share		(0.075)	0.194

As per our report of even date

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

K.S. RAO & Co. Chartered Accountants CHENNAI

Mkchaithanya

M.Krishna Chaithanya
Partner
Membership No.231282

Place: Chennai
Date: 30th May, 2020

For and on behalf of the Board of Directors

B.V.N.Rao
Director
DIN: 00051167

P. Jayadev
Director
DIN No. 00782667

G.V. Suresh Kumar
Company Secretary
A7513

S. Srinivas

Srinivasa Rao Suru
CFO

Place: Hyderabad
Date: 30th May, 2020

KAKINADA SEZ LIMITED

KAKINADA SEZ LIMITED

Statement of Audited Cash Flow for the year ended March 31,2020

Amt in Rs.

Particulars	Notes	March 31,2020	March 31,2019
CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES			
Profit/(Loss) before Tax		(61,53,975)	1,82,53,914
Profit / (loss) before tax expenses		**(61,53,975)**	**1,82,53,914**
Adjustements to reconcile profit before tax to net cash flows:			
Depreciation of investment properties		67,02,851	66,32,423
Finance costs		3,46,62,509	2,65,82,473
Proceeds from mutual fund investment,Unwinding of interest on Security deposit		(5,00,808)	(46,05,992)
Operating profit before working capital changes		**3,47,10,577**	**4,68,62,819**
Movements in working capital :			
Trade receivable		(2,71,376)	
Other financial assets		(4,05,49,33,032)	
Other current assets		4,34,26,10,870	(3,24,60,00,887)
Trade Payables		(16,69,48,799)	(68,32,00,735)
Other current financial liabilities		1,18,42,13,298	
Movements in Provision, gratuity and govt. grants		4,37,430	(85,84,278)
Other current liabilities		(3,13,05,211)	
Adjustment in retained earnings		(1,43,75,916)	
Cash generated from operations		**1,29,41,37,841**	**(3,89,09,23,081)**
Income Tax paid		(56,60,462)	-
Net cash flow from operating activities (A)		**1,28,84,77,379**	**(3,89,09,23,081)**
CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment, intangible assets, investment properties and cost incurred towards such assets under construction / development		(2,11,43,67,040)	(2,90,01,606)
Proceeds from mutual fund investment,Unwinding of interest on Security deposit		5,00,808	46,05,992
Purchase of property, plant and equipment &CWIP		-	
Sale / (purchase) of investments (net)		(9,34,40,631)	(11,22,55,365)
Sale/ (Purchase) of investment Properties		-	10,45,59,411
Loans (given to) / repaid by others		83,334	
Net cash flow used in investing activities (B)		**(2,20,72,23,529)**	**(3,20,91,568)**
CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES			
Proceeds from borrowings		(72,53,36,929)	95,97,43,085
Finance cost paid		1,64,42,91,146	1,68,21,46,710
Repayment of Borrowings		-	1,29,29,58,367
Net cash flow (used in) / from financing activities (C)		**91,89,54,217**	**3,93,48,48,162**
Net (decrease) / increase in cash and cash equivalents (A + B + C)		2,08,067	1,18,33,513
Cash and cash equivalents at beginning of the year		1,79,19,715	60,86,202
Cash and cash equivalents at year end		**1,81,27,782**	**1,79,19,715**
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Cash on hand		-	-
With banks- on current account		75,37,783	73,04,572
- on deposit account		1,05,90,000	1,06,15,142
Total cash and cash equivalents (note 13)		**1,81,27,783**	**1,79,19,715**

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:

Particulars	1-Apr-19	Cash Flows	Non Cash changes	Others	31-Mar-20
			Fair Value changes		
Long Term Borrowings	10,65,06,67,851	(72,53,36,929)			9,92,53,30,922
Current maturities of long term borrowings	8,08,72,91,704	1,37,81,65,211			9,46,54,56,915

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

K.S. RAO & CO. Chartered Accountants CHENNAI

M.Krishna Chaithanya
Partner
Membership No.231282

Place: Chennai
Date: 30th May, 2020

For and on behalf of the Board of Directors

B.V.N.Rao Director DIN: 00051167	**P. Jayadev** Director DIN No. 00782667
G.V. Suresh Kumar Company Secretary A 7513 Place: Hyderabad Date: 30th May, 2020	**Srinivasa Rao Suru** CFO

KAKINADA SEZ LIMITED

KAKINADA SEZ LIMITED

Statement of Changes in Equity

Amt in Rs.

Particulars	**Equity share capital**	**Equity contribution from parents - Related party loan**	**Reserve and surplus**	**Items of OCI**	**Total equity**
			Retained earnings		
As at 1 April 2018	**93,99,43,161**	**15,62,768**	**(14,28,89,291)**	**(13,02,650)**	**79,73,13,988**
Equity contribution from parents - Related party loan		-			-
Profit for the period/movement	-		1,84,30,048	-	**1,84,30,048**
Other comprehensive income	-		-	(1,76,219)	**(1,76,219)**
At 31 March 2019	**93,99,43,161**	**15,62,768**	**(12,44,59,243)**	**(14,78,869)**	**81,55,67,817**
Profit for the period	-		(61,53,975)	-	(61,53,975)
Other comprehensive income	-		-	(8,49,549)	(8,49,549)
Notional interest on CG given for GIL Loan			(1,43,75,832)		(1,43,75,832)
Total comprehensive income	-		-	-	-
At 31st March, 2020	**93,99,43,161**	**15,62,768**	**(14,49,89,051)**	**(23,28,418)**	**79,41,88,460**

As per our report of even date

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

M.K.Chaithanya

M.Krishna Chaithanya
Partner
Membership No.231282

K.S. RAO & Co. * Chartered Accountants * CHENNAI

Place: Chennai
Date: 30th May, 2020

For and on behalf of the Board of Directors

B.V.N.Rao
Director
DIN: 00051167

P. Jayadev
Director
DIN No. 00782667

G.V. Suresh Kumar
Company Secretary
A7513

Srinivasa Rao Suru
CFO

Place: Hyderabad
Date: 30th May, 2020

KAKINADA SEZ LIMITED *

Kakinada SEZ Limited
Notes to the financial statements

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 May, 2020.

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.

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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.

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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 rate, the Company

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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 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.

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

component accounted for as 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 effect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method,

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes borrowing costs for long-term construction projects if the recognition criteria are met.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life / residual value is accounted on prospective basis. Freehold land and properties under construction are not depreciated. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

i. 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.

j. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

ii) Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

iii) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k. 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.

l. 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.

(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.

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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

m. 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.

n. Retirement and other employee benefits

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.

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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.

o. Financial instruments

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

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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.

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.

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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.

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

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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.

p. 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.

q. 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.

r. 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.

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Kakinada SEZ Limited
Notes to the financial statements

s. 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.

t. Corporate social responsibility ('CSR') expenditure

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

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

K.S. RAO & Co. Chartered Accountants CHENNAI

Mkchaithanya

M.Krishna Chaithanya
Partner
Membership No.231282

Place: Chennai
Date: 30th May, 2020

For and on behalf of the Board of Directors

B.V.N.Rao
Director
DIN: 00051167

P. Jayadev
Director
DIN No. 00782667

G.V. Suresh Kumar
Company Secretary
A 7513

Srinivasa Rao Suru
CFO

Place: Hyderabad
Date: 30th May, 2020

KAKINADA SEZ LIMITED

KAKINADA SEZ LIMITED

Notes to the financial statements as at March 31,2020

Note.3

Property , Plant and Equipment (as at March 31,2020)

Amt in Rs.

Particulars	Land	Buildings	Electrical Equipments	Office Equipment	Computers	Furniture & Fixtures	Vehicles	Total
Gross Block (at cost)								
as at April 1, 2018	-	**18,84,974**	**2,03,98,120**	**1,10,43,595**	**45,84,947**	**23,92,499**	**5,64,304**	**4,08,68,439**
Additions	8,69,162	2,79,53,167	47,79,258	23,18,252	1,17,264	4,400	-	**3,60,41,503**
Disposals		-		71,050	35,590	2,100		**1,08,740**
as at March 31,2019	**8,69,162**	**2,98,38,141**	**2,51,77,378**	**1,32,90,797**	**46,66,621**	**23,94,799**	**5,64,304**	**7,68,01,202**
Gross Block (at cost)								
as at April 1, 2019	**8,69,162**	**2,98,38,141**	**2,51,77,378**	**1,32,90,797**	**46,66,621**	**23,94,799**	**5,64,304**	**7,68,01,202**
Additions	-	12,96,550	-	16,950	6,23,129		-	**19,36,629**
Disposals				34,980	-	43,683		**78,663**
as on March 31,2020	**8,69,162**	**3,11,34,691**	**2,51,77,378**	**1,32,72,767**	**52,89,750**	**23,51,116**	**5,64,304**	**7,86,59,168**
Depreciation								
as at April 1, 2018	-	**18,67,689**	**38,76,146**	**48,12,701**	**41,61,358**	**7,81,124**	**3,19,786**	**1,58,18,804**
Charge for the year	-	7,96,477	22,74,978	15,00,233	2,07,175	1,96,206	1,04,394	**50,79,463**
Disposals	-			71,050	35,588	2,100		**1,08,738**
as at March 31,2019	-	**26,64,166**	**61,51,124**	**62,41,884**	**43,32,946**	**9,75,230**	**4,24,180**	**2,07,89,530**
as at April 1, 2019	-	**26,64,166**	**61,51,124**	**62,41,884**	**43,32,946**	**9,75,230**	**4,24,180**	**2,07,89,530**
Charge for the year	-	1,21,756	23,14,260	15,79,960	2,64,695	1,97,762	1,04,394	45,82,828
Disposals	-			34,980		43,683		78,663
as on March 31,2020	-	**27,85,922**	**84,65,383**	**77,86,864**	**45,97,641**	**11,29,309**	**5,28,575**	**2,52,93,694**
Net Block as on March 31, 2019	**8,69,162**	**2,71,73,975**	**1,90,26,254**	**70,48,913**	**3,33,675**	**14,19,569**	**1,40,124**	**5,60,11,672**
Net Block as on March 31,2020	**8,69,162**	**2,83,48,769**	**1,67,11,995**	**54,85,903**	**6,92,109**	**12,21,807**	**35,729**	**5,33,65,474**

* Borrowing cost that are attributable to the land & buildings during the period of construction amounting to Current year Nill ; (prev.year Rs. 25,04,828/-)has been capitalised.

-

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Note.4

Investment Property (as at March 31,2020)

Amt in Rs.

Particulars	Land	Buildings	Total
Gross Carrying Amount			
As at April 01, 2018	1,95,15,452.00	12,86,53,904.00	14,81,69,356
Additions during the year		20,43,146	20,43,146
Expenses capitalised during the year			-
Impairment loss	-		-
Disposals	-		-
As at March 31, 2019	**1,95,15,452**	**13,06,97,050**	**15,02,12,502**
Acquisitions during the year			-
Expenses capitalised during the year	-		-
Impairment loss	-		-
Disposals	-		-
As at March 31,2020	**1,95,15,452**	**13,06,97,050**	**15,02,12,502**
Accumulated depreciation			
As at April 01, 2018	-	85,85,503	85,85,503
Charge for the year	-	39,41,173	39,41,173
Disposals	-		-
As at March 31, 2019	-	**1,25,26,677**	**1,25,26,677**
Charge for the year	-	47,21,337	47,21,337
Disposals	-		-
As at March 31,2020	-	**1,72,48,014**	**1,72,48,014**
Net block			
As at March 31, 2019	**1,95,15,452**	**11,81,70,373**	**13,76,85,825**
As at March 31,2020	**1,95,15,452**	**11,34,49,036**	**13,29,64,488**

Notes:

(a) Information regarding income and expenditure of Investment property:

Particulars	31-Mar-20	31-Mar-19
Rental income derived from investment property	5,43,90,850	2,31,55,925
Less: Direct operating expenses (including repairs and maintenance) generating rental income	1,16,95,993	8540205.9
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	3,46,62,509	26582473
Profit / (loss) arising from investment properties before depreciation	**80,32,348**	**(1,19,66,754)**
Less: Depreciation for the year	47,21,337	3941173.28
Profit / (loss) arising from investment properties	**33,11,011**	

(b) Reconciliation of fair value

As at April 01, 2018	16.99
Fair value difference	
Purchases during the year	
As at March 31, 2019	**16.99**
Fair value difference	-
Purchases during the year	
As at March 31, 2020	**16.99**

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

Investment Properties	Valuation technique			Range (weighted average)
			March 31, 2020	March 31, 2019
The Company's investment properties consist of Lands as on 31-March-2020 is 10.31 Ac (as on 31-Mar-2019 is 10.31 acres) located in village Kotha Moolapeta of Uppada Kothapalli Mandal , Near Kakinada, East Goadavari District,Andhrapradesh. These valuations are based on valuations performed independent valuer.	GLR (Guide Line Rate) method		40 L- 43 L	36 L- 40 L

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

KAKINADA SEZ LIMITED

Notes to the financial statements as at March 31,2020

Note.5

Details of Investment Property under construction as at March 31,2020

Amt in Rs.

Particulars		As at March 31,2020	As at March 31, 2019
Land and Land Related Expenses		5,51,99,54,712	5,53,28,53,113
Rehabilitation Expenses		1,15,88,42,559	1,15,63,46,484
Interest & Finance Charges		13,70,77,28,187	11,70,10,30,835
Rates & Taxes		1,22,08,733	1,19,80,084
Consultancy Charges		48,39,19,489	47,41,16,935
Infrastructure Development-Levelling , Road etc		27,31,08,526	24,62,24,703
Overhead Cost		1,03,74,62,267	95,55,82,013
(i)	-	**22,19,32,24,472**	**20,07,81,34,167**
Less: Other income			
Interest income on bank deposits	-	-	-
Interest Receivable Loans	-	-	-
Miscellaneous income (net of expenses directly attributable to such income)	-	-	-
(ii)	-	-	-
Total - (iii) = (i) - (ii)	-	**22,19,32,24,472**	**20,07,81,34,167**
Less: Apportioned over the cost of tangible assets	-	-	-
(iv)	-	-	-
Total - (v) = (iii) - (iv)	-	**22,19,32,24,472**	**20,07,81,34,167**
		(1)	(0)

(i) Disclosure as per Ind AS 23

(a) the amount of borrowing costs capitalised during the period - Rs. 200,66,97,351/-

(b) the capitalisation rate @11.41% is used to determine the amount of borrowing costs eligible for capitalisation.

(ii) Reconciliation of fair value	**in Rs. Cr**
As at April 01, 2018	3,294.93
Fair value difference	(89.56)
Purchases during the year	0.03
Transfer to Invesment property	
As at March 31, 2019	**3,205.40**
Fair value difference	333.71
Purchases during the year	
Transfer to Invesment property	-
As at March 31, 2020	**3,539.11**

(iii) 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, 2020	March 31, 2019
The Company's investment property under construction consist of 8230.48 Acres (31st March,2019- 8230.48 Acres) of land in villages Ponnada,Ramanakka peta, Komaragiri,Kotha Moolapeta of Uppada Kothapalli Mandal and Villages Kodhada, K.Perumallapuram and AV Nagarama of Thognadi Mandal along with land in Village Bhimavaram (2Ac) , Samalkot Mandal, Near Kakinada, East Godavari District, Andhapradesh in India. As at 31st March 2020 the fair value of the properties is Rs. 3539.11 Cr (31 March 2019, Rs. 3205.40 Cr). These values are based on valuations performed by an external valuation expert as on 31st December,2019 as per LARR Act,2013. The Management of the company is of the view that the valuation of lands is appropriate and has not changed from the valuation date i.e. December'2019 to March 31'2020 "	Land Acquisition, Rehabilitation and Resettlement Act 2013 (LARR Act) method wherein, applicable land rates have been arrived at considering similar procedure as followed under Land Acquisition, Rehabilitation and Resettlement Act ,2013 (LARR Act).	Nil	40L-43L	36 L- 40 L

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

(iv) Details of Charges created on assets

(a) 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.

(b) 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.

(c) 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.

(d) First charge has been created on land for the coprorate loan of Rs. 250 Cr availed by GMR Infrastructure Limited from IFCI Ltd.

(v) The company had given the land on finance lease to clients during the current year. The corresponding land and development costs incurred and transferred to statement of profit and loss from the Investment in progress is as follows:

Breakup of cost :	**2019-20**	**2018-19**
SGA-Land Purchase	24,36,757	1,10,51,964
Land Compensation (Additional)	10,30,000	46,84,000
Interest on Unsecured Loans-others	72,52,524	2,97,37,913
Overhead & Other expenses	13,62,563	60,21,299
Total	**1,20,81,845**	**5,14,95,176**

Note: 6

Other Intangible assets as at March 31,2020 **Amt in Rs.**

	Software
Cost as at April 1, 2018	**5,67,209**
Additions during the year	-
Disposals	
As at March 31,2019	**5,67,209**
Additions during the year	-
Disposals	-
As at March 31,2020	**5,67,209**
Accumulated Amortisation	
As at April 1 2018	**3,94,879**
Charge for the year	62,405
Disposals	-
As at March 31,2019	**4,57,284**
Charge for the year	58,581
Disposals	
Accumulated amortisation as at March 31,2020	**5,15,865**
Net Block	
As at March 31,2019	**1,09,925**
As at March 31,2020	**51,344**

KAKINADA SEZ LIMITED

Notes to the financial statements as at March 31,2020

Note.7

Investments

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Non-Current balance		
Investments at Cost		
Unquoted Equity Instruments - Subsidiaries		
10000 equity shares of Rs.10/- each in Kakinada Gateway Port Ltd	51,000	1,00,000
Equity component of 0% loan given to subsidiary	11,72,26,894	-
Ind AS component of Corporate guarantee provided to Subsidiary	5,72,50,236	11,22,55,365
	17,45,28,131	**11,23,55,365**
Current balance		
Investments in Mutual Funds	-	-
Total	**17,45,28,131**	**11,23,55,365**

The company has invested in equity shares of Kakinada Gateway Port Limited (KGPL) (100% subsidiary) and the 9994 shares are pledged with Yes Bank Limited against the loan taken by KGPL.

Note.8

Loans

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Non Current Balance of Loans		
Deposit - Porperty lease	15,39,000	15,44,000
Deposit-Others	79,930	79,930
Loan to related party	3,12,72,866	-
Total Non Current Balance of Loans	**3,28,91,796**	**16,23,930**
Current Balance of Loans		
Loans to Employees -considered good - secured		
Loans to Employees -considered good - unsecured	-	83,334
Total Current Balance of Loans	**-**	**83,334**
Total Loans	**-**	**83,334**

Note.9

Other Financial Assets

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Non-current balance of Other Financial Assets		
Unbilled rent	16,14,133	19,66,310
Total non-current balances of Other Financial Asse	**16,14,133**	**19,66,310**
Current Balances of Other financial assets		
Non Trade Receivable	4,05,53,94,279	-
Unbilled rent	3,52,173	3,52,173
Loans to Employees	-	3,753

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Interest accrued on fixed deposits	22,614	1,27,931
Others financial assets	8,126	8,126
Total current balances of Other Financial Assets	**4,05,57,77,192**	**4,91,983**
Total Other Financial Assets	**4,05,73,91,325**	**24,58,293**

Note.10

(a) Deferred Tax Assets

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
MAT Credit Entitlement (2018-19)	10,61,048	10,61,048
Less: MAT Credit Utilised	-	-
Total	**10,61,048**	**10,61,048**

(b) Current Income Tax

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Taxes Recoverable	2,67,25,394	2,10,64,932
Less: Tax liability	(10,61,048)	(10,61,048)
Total	**2,56,64,346**	**2,00,03,884**

Note.11

Other Assets

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Non-current balance		
Capital advances (Unsecured, considered good)		
To related parties	-	50,00,00,000
To others	25,19,06,222	25,19,06,222
	25,19,06,222	**75,19,06,222**
Others		
Income Tax paid under protest (Refer Note (a) below)	5,02,58,819	5,02,58,819
Security Deposits – Unsecured considered good	53,96,699	53,18,999
	5,56,55,518	**5,55,77,818**
Total non-current Other Assets	**30,75,61,740**	**80,74,84,040**
Current balance		
Advances recoverable in cash or kind - Unsecured considered good	31,90,382	1,62,31,678
Balance with Statutory /Government authorities	9,33,39,313	9,35,52,907
Prepaid Expenses	36,51,500	30,04,856
Asset held for sale	16,76,83,890	3,99,77,64,213
Total other current assets	**26,78,65,084**	**4,11,05,53,655**
Total Other Assets	**57,54,26,824**	**4,91,80,37,695**

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

(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.

(b) The amount shown under "Balance with statutory/Government authorities" is towards Service tax input credit out of which 8.54 Cr has been disallowed by the department and the company has gone for appeal by adjusting 64.11 Lac as deposit out of the input credit. The company is confident of obtaining the decision in it's favour hence no provision is made.

(c') The above investment in equity of Kakinada Gateway Port Limited (KGPL) consists of equity investment along with the IND AS adjustment towards fair valuation of interest free Loan given to KGPL by the company and also the Fair valuation of Corporate guarantee given on behalf of KGPL to Yes Bank. The commencement of port operations are key for the business of the company hence the company has decided to divest 49% of the stake.The company is in the final stages of entering into definitive agreement with investor for divestment of 49% of it's stake in KGPL and board resolution to that effect has been passed. The divestment is expected to bring in technical and financial expertise from the investor which will support in construction of port in KGPL in the scheduled time lines. The transaction is proposed to be completed in the next year. Pursuant to the same, the value of investment equal to 49% ofthe total investment (including FV of interest free loan & CG given) is disclosed separately as asset held for sale/diposal above.

Note.12

Amt in Rs.

Particulars	**Ind AS as at March 31,2020**	**Ind AS as at March 31,2019**
Trade Receivables		
Trade Receivables – considered good - secured	-	-
Trade Receivables – considered good - unsecured	5,33,211	2,61,835
Total	**5,33,211**	**2,61,835**
Current Portion	5,33,211	2,61,835
Non Current Portion	-	-

Note.13

Cash and Cash Equivalents

Amt in Rs.

Particulars	**Ind AS as at March 31,2020**	**Ind AS as at March 31,2019**
Cash on hand	-	-
Balances with banks - in current accounts	75,37,783	73,04,572
Balances with banks - in deposits		
Bank Deposits	1,05,90,000	1,06,15,142
Total	**1,81,27,783**	**1,79,19,714**

A charge has been created over :

a) Deposits of Towards margin money for the bank guarantee obtained from Central Bank Of India for submitting to Income tax authorities (0.92Cr)

b) Towards margin money for the bank guarantee obtained from Bank of India for submitting to Mines department for the quarry (0.14 Cr)

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Note.14

Share Capital

Amt in Rs.

Particulars	Ind AS as at March 31,2020 Number of shares	Ind AS as at March 31,2020 Rs	Ind AS as at March 31,2019 Number of shares	Ind AS as at March 31,2019 Rs
Authorised share capital				
as at April 01,2018				
- Equity Shares of Rs. 10 each	20,00,00,000	2,00,00,00,000	20,00,00,000	2,00,00,00,000
Increase/(decrease) during the year	-	-	-	-
At 31 March 2019	**20,00,00,000**	**2,00,00,00,000**	**20,00,00,000**	**2,00,00,00,000**
Increase/(decrease) during the year	-	-	-	-
At March 31,2020	**20,00,00,000**	**2,00,00,00,000**	**20,00,00,000**	**2,00,00,00,000**
Issued equity capital				
as at April 01,2018				
- Equity Shares of Rs. 10 each fully paid up				
beginning of the period	**8,27,08,275**	**82,70,82,750**	**8,27,08,275**	**82,70,82,750**
issued during the period	-	-	-	-
- Equity Shares of Rs. 10 each - Rs.1 Paid up				
beginning of the period	**11,28,60,411**	**11,28,60,411**	**11,28,60,411**	**11,28,60,411**
issued during the period	-	-	-	-
At 31 March 2019	**19,55,68,686**	**93,99,43,161**	**19,55,68,686**	**93,99,43,161**
Issued equity capital				
- Equity Shares of Rs. 10 each fully paid up				
beginning of the period	**8,27,08,275**	**82,70,82,750**	**8,27,08,275**	**82,70,82,750**
issued during the period	-	-	-	-
- Equity Shares of Rs. 10 each - Rs.1 Paid up				
beginning of the period	**11,28,60,411**	**11,28,60,411**	**11,28,60,411**	**11,28,60,411**
issued during the period	-	-	-	-
At March 31,2020	**19,55,68,686**	**93,99,43,161**	**19,55,68,686**	**93,99,43,161**
Total	**19,55,68,686**	**93,99,43,161**	**19,55,68,686**	**93,99,43,161**

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:

Amt in Rs.

Particulars	as at March 31,2020 Number of shares	as at March 31,2020 Rs	as at March 31,2019 Number of shares	as at March 31,2019 Rs
4,21,81,220 (31st March'19: 4,21,81,220) Equity Shares of Rs. 10 each	4,21,81,220	42,18,12,200	4,21,81,220	42,18,12,200
5,75,58,810 (31st March'19: 5,75,58,810) Equity Shares of Re.1 each	5,75,58,810	5,75,58,810	5,75,58,810	5,75,58,810
Total		**47,93,71,010**		**47,93,71,010**

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

Particulars	as at March 31,2020 Number of shares	as at March 31,2020 % of Holding	as at March 31,2019 Number of shares	as at March 31,2019 % of Holding
Equity Shares - Face Value Rs. 10 each paid up Rs. 10:				
GMR SEZ & Port Holdings Ltd., and its nominees	4,21,81,220	51.00%	4,21,81,220	51.00%
Kakinada Infrastructure Holdings Private Limited	3,47,00,000	41.95%	3,47,00,000	41.95%
Veda Infra-Projects (India) Private Limited	53,00,000	6.41%	53,00,000	6.41%
Equity Shares - Face Value Rs. 10 each paid up Rs. 1:				
GMR SEZ & Port Holdings Limited	5,75,58,810	51.00%	5,75,58,810	51.00%
Kakinada Infrastructure Holdings Private Limited	3,13,00,000	27.73%	3,13,00,000	27.73%
Veda Infra-Projects (India) Private Limited	2,34,50,000	20.78%	2,34,50,000	20.78%
	11,23,08,810		**11,23,08,810**	

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Note.15

Other Equity Amt in Rs.

Particulars	Ind AS	Ind AS
	as at March 31,2020	as at March 31,2019
Surplus in the statement of profit and loss		
Opening	(12,59,38,113)	(14,41,91,941)
During the period	(70,03,524)	1,82,53,917
Total	**(13,29,41,637)**	**(12,59,38,024)**
Equity contribution from parents - Related party loan		
Opening	15,62,768	15,62,768
During the period	(1,43,75,832)	-
Total	**(1,28,13,064)**	**15,62,768**
Total	**(14,57,54,701)**	**(12,43,75,256)**

Note.16

Borrowings Amt in Rs.

Particulars	Ind AS as at March 31,2020		Ind AS as at March 31,2019	
	Non Current Balances	**Current Maturities**	**Non Current Balances**	**Current Maturities**
Term loans				
Indian rupee term loan from banks (secured)	-	-	-	-
Indian rupee term loan from FIs (secured)	-	-	-	18,74,00,430
Loans from related parties				
Loan from a group company (unsecured)	9,92,53,30,922	9,46,54,56,915	10,65,06,67,851	7,89,98,91,274
Total	**9,92,53,30,922**	**9,46,54,56,915**	**10,65,06,67,851**	**8,08,72,91,704**

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

(a) Secured Loan From Banks:

Term Loan from IFCI Limited (Secured) of Rs. Nil (Mar 31, 2019: Rs.37.49 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. 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 10.75% p.a. plus spread of 3.00% p.a. i.e. effective rate of 13.75% p.a. payable monthly. The loan was fully repaid during the current year

(b) Unsecured Loans from Related Parties:

(i) Intercorporate Loans of Rs. 708.76. Crs (31Mar'19: 1014.07 Cr) from GMR Infrastructure Ltd fo 3 year term, at an interest rate of 12.25% payable on Annual basis, is categorized as Non-current balances of borrowings under Note.16

(ii) Intercorporate Loans of Rs. 14.00 Crs (31 Mar'19: Rs. 14.00 Cr) from GMR Highways Limited at an interest rate of 12.25% p.a., payable on Annual basis, repayable in 3 years, further extended for a period of 3 years (i.e. repayment starting from Mar' 2022) and categorized as Non-current balances of borrowings under Note.16

(iii)) Intercorporate Loans of Rs. 158.50 Crs (31 Mar'19: Rs.158.50 Cr) 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 and which has been extended for further three years is categorized asnon-current balances of borrowings under Note.16

(iv) Intercorporate Loans of Rs. 63.68 Crs (31 Mar'19: Rs. 103.25) from GMR Highways Limited at an interest rate of 12.25% p.a., payable on yearly basis, repayable in 3 years (i.e. repayment starting from March' 2021) and categorized as non-current balances of borrowings under Note.16

v) Intercorporate Loan of Rs. 3.09 Crs (31 Mar'19: Rs. 3.09) from Kakinada Refinery and Petrochemicals Private Limited at an interest rate of 12.25% p.a., payable on yearly basis, repayable end of 3rd year has been extended for a further period of 3 years (repayment starting from Oct' 2022) and hence it is categorized as non-current balances of borrowings under Note.16

vi) Intercorporate Loan of Rs. 15.00 Crs (31 Mar'19: Rs. 15.00 Crs) from GMR Genco Assets Limited at an interest rate of 12.25% p.a., payable on Annual basis, repayable end of 3rd year has been extended for a further period of 3 years and hence it is categorized as non-current balances of borrowings under Note.16.

vii) Intercorporate Loan of Rs. 25.10 Crs (31 Mar'19: Rs. 25.10 Crs) 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) Intercorporate Loan of Rs. 125.00 Crs (31 Mar'19: Rs. 125.00 Crs) 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 current maturities of borrowings under Note.18

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

ix)) Intercorporate Loan of Rs. 75.00 Crs (31 Mar'19: Rs. 75.00) from GMR Pochanpalli Expressways Limited at an interest rate of 9.50% p.a., payable on annual basis, repayable end of 11 months (repayment starting from March' 2020) which is falling due for repayment within the next twelve months, hence it is categorized as current maturities of borrowings under Note.18
x) Intercorporate Loan of Rs. 150.00 Crs (31 Mar'19: Rs. 150.00 Cr) from GMR SEZ & Port Holdings Limited at interest free loan, extended for a further period of 11th months of which is falling due for repayment within the next twelve months and categorized as current maturities of borrowings under Note.18
xi) Intercorporate Loan of Rs. 5.00 Crs (31 Mar'19: Rs. 5.00) from Raxa Security Services Limited at an interest rate of 12.50% payable on annual basis, repayable end of 3rd year (repayment starting from Dec' 2020) which is falling due for repayment within the next twelve months, hence it is categorized as current maturities of borrowings under Note.18
xii)) Intercorporate Loan of Rs. 3.35 Crs (31 Mar'19: Rs. 3.35 Crs) from Raxa Security Services Limited at an interest rate of 12.50% payable on annual basis, repayable on 30th Sep, 2019 categorized as current maturities of borrowings under Note.18
xiii) Intercorporate Loan of Rs. 163.20 Crs (31 Mar'19: Rs. 163.20 Crs) from GMR Kishangarh Udaipur Ahmedabad Expressways Limited at an interest rate of 12.25% payable on annual basis, repayable on April, 2020 .The company has merged with GMR Highways Limited in Q2 and the loan transferred into the name of GMR Highways Limited. The loan is categorized as current maturities of borrowings under Note.18
xiv) Intercorporate Loan of Rs. 0.50 Crs (31 Mar'19: Rs. 0.50 Crs) from Honeyflower Estates Pvt Ltd at an interest rate of 12.25% payable on annual basis, repayable end of 3rd year (repayable starting from Nov' 2021) and categorized as non-current balances of borrowings under Note.16
xv) Intercorporate Loan of Rs. 425 Crs (31 Mar'19: Nil) from GMR Airports Limited at an interest rate of 16% payable on monthly basis, repayable in 5 months (repayable by August'20) and hence categorized as short term borrowings and shown under Note.18
xvi) Intercorporate Loan of Rs. 3.90 Crs (31 Mar'19: Rs.Nil) from GMR Genco Assets Limited at an interest rate of 12.25% p.a., payable on Annual basis, repayable end of 3rd year has been availed in March'20 for a period of 3 years and hence it is categorized as non-current balances of borrowings under Note.16.

Note.17

Provisions Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Non-current Provisions		
Provision for employee benefits		
Provision for gratuity	28,53,007	13,71,534
Provision for leave benefits	62,90,888	55,13,531
Total non-current provisions	**91,43,895**	**68,85,065**
Current Provisions		
Provision for employee benefits		
Provision for leave benefits	13,95,207	24,21,249
Provision for other employee benefits	54,192	-
Provision for other employee benefits	-	-
Total current provisions	**14,49,399**	**24,21,249**
Total provisions	**1,05,93,294**	**93,06,314**

Note.18

Other Financial Liabilities Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Non-Current balance		
Finance liability on CG given on behalf of Subsidiary	10,33,23,699	10,90,71,908
Security deposit from Others	85,00,00,000	85,00,00,000
Security deposit from customers	24,86,369	21,72,670
Total	**95,58,10,068**	**96,12,44,578**
Current balance		
Current maturities of long-term borrowings	9,46,54,56,915	8,08,72,91,704
Interest accrued but not due on borrowings	-	25,00,428
Interest accrued and due on borrowings	4,02,30,28,834	2,33,58,26,542

KAKINADA SEZ LIMITED

K.S. RAO & Co. Chartered Accountants CHENNAI

Non trade payables	1,86,08,353	21,28,73,964
Total	**13,50,70,94,102**	**10,63,84,92,639**
Trade payable current	**2,01,20,52,201**	**2,18,88,17,163**
Trade payable to MSMEs	**98,16,163**	**-**
Total	**2,02,18,68,364**	**2,18,88,17,163**
Grand Total	**16,48,47,72,534**	**13,78,85,54,380**

Note.19

Other Liabilities **Amt in Rs.**

Particulars	**Ind AS as at March 31,2020**	**Ind AS as at March 31,2019**
Non-Current balance		
Defferred revenue	2,12,38,283	2,18,33,824
Security deposit from client	-	84,74,576
Security deposit from vendors	-	-
	2,12,38,283	**3,03,08,400**
Current balance		
Defferred revenue	3,92,310	3,93,385
Advance received from customer	2,03,233	2,03,233
Statutory dues payable	2,82,74,004	4,70,42,466
Security deposit from client	-	35,00,000
Other Payables	2,37,202	2,02,760
	2,91,06,749	**5,13,41,844**
Grand Total	**5,03,45,032**	**8,16,50,244**

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Note.20

Revenue from operations **Amt in Rs.**

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Operating Income		
Income from Leases	5,43,90,850	12,77,85,925
	-	-
	-	-
Total	**5,43,90,850**	**12,77,85,925**

(a) Income from lease includes Rs. 3,09,00,000/- towards the finance lease entered by the company during the current year

The company has given land on finance lease to client with lease term of 99 years. The company has also received one-time upfront premium against such lease which is non refundable. Upfront premium accrued under such lease have been recognised as income in the statement of profit and loss.

(b) The Company has given certain land portions on operating lease. These lease arrangements range for a period between 5 and 60 years and include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms.

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

Particulars	31-Mar-20	31-Mar-19
Within one year	2,19,81,636	2,19,81,636
After one year but not more than five years	8,59,82,544	8,59,82,544
More than five years	3,02,17,482	5,57,77,199
Total	**13,81,81,662**	**16,37,41,379**

Note.21

Revenue from Other Income **Amt in Rs.**

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Other Income		
Income from Mutual Funds investment	-	10,23,761
Unwinding of interest on Security Deposits	3,93,384	3,92,312
Inter corporate loans and deposits-Notional Income	5,00,808	-
Misc. receipts	-	6,462
Corporte guarantee income	2,01,24,041	31,83,457
Total	**2,10,18,233**	**46,05,992**

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Note.22

Operating expenses

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Cost of asset given under finance lease	1,20,81,845	5,14,95,176
Total	**1,20,81,845**	**5,14,95,176**

Note.23

Employee Benefit expenses

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Salaries, wages and bonus	93,09,086	81,42,525
Contribution to provident and other funds	4,17,757	3,23,302
Gratuity expenses	-	70,500
Staff welfare expenses	19,69,150	26,10,903
Total	**1,16,95,993**	**1,11,47,230**

Note.24

Depreciation

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Depreciation		
On Buildings	43,65,468	42,97,040
On Office Equipment	5,01,049	4,99,049
On Electrical Equipments	18,36,334	18,36,334
	67,02,851	**66,32,423**

Note.25

Finance Cost

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Finance Cost		
Interest & Finance Charges	3,46,62,509	2,65,82,473
	3,46,62,509	**2,65,82,473**

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Note.26

Other Expenses

Amt in Rs.

Particulars	Ind AS as at March 31,2020	Ind AS as at March 31,2019
Advertising and business promotion	28,93,287	68,73,618
Electricity and water charges	2,85,252	2,42,022
Insurance	2,71,032	1,01,126
Repairs and maintenance-Others	18,23,307	16,43,826
Rates & Taxes	80,359	11,38,063
Lease Rent	22,16,309	10,04,148
Vehicle running & maintenance	9,88,181	3,12,863
Printing and Stationery	3,16,905	3,71,413
Book & Periodicals	93,767	81,371
Communication cost	1,88,097	1,49,042
Travelling and conveyance	10,47,032	5,60,455
Manpower hire charges	5,30,833	1,69,823
Membership & subscription	65,769	1,16,834
Legal and professional fees	4,09,512	4,89,558
Remuneration to auditor		
Statutory audit fee	5,00,000	2,56,203
Tax audit fee	-	75,001
Reimbursement-Expenses-Statutory Auditor - Fares	-	29,296
Director's sitting fees	30,000	31,396
Charities and donations	33,67,040	34,95,633
Security charges	10,64,375	7,13,533
Meeting and seminar	13,418	42,494
Miscellaneous expenses	2,06,844	1,56,106
Consumption of stores and spares	28,539	26,481
Bank charges	-	24,174
Total	**1,64,19,860**	**1,81,04,479**

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

KAKINADA SEZ LIMITED

27 **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 are short term leases. There are no restrictions placed upon the company by entering into these leases

Amt in Rs.

Lease rental charged to CWIP	31-Mar-20	31-Mar-19
Lease rentals under cancellable leases and non-cancellable leases	70,77,644	81,36,518

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

Amt in Rs.

	31-Mar-20	31-Mar-19
Within one year	34,50,000	25,00,000
After one year but not more than five years	69,00,000	75,00,000
More than five years	-	-
Total	**1,03,50,000**	**1,00,00,000**

II. Contingent Liabilities

Claims made against the company not acknowledged as debts

Amt in Rs.

	31-Mar-20	31-Mar-19
Income Tax Demand from the Department under the Income Tax Act, 1961 (net of amount paid)	4,50,46,557	4,50,46,557
	4,50,46,557	**4,50,46,557**

	31-Mar-20	31-Mar-19
Corporate guarantee given by the company on behalf Subsidiary (KGPL) to YES Bank Ltd	5,00,00,00,000	5,00,00,00,000
Corporate guarantee given by the company on behalf GMR Infrastructure Ltd to IFCI Ltd	2,50,00,00,000	2,50,00,00,000

III. Commitments

Amt in Rs.

	31-Mar-20	31-Mar-19
a.Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	98,89,143	3,52,32,113

28

(a) Sundry Creditors includes Rs 98,16,163/- (Previous Year Rs. NIL) towards dues to Micro, Small and Medium Enterprises, which are outstanding for more than 45 days as at 31st march 2020 as per the table given below. 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

Particulars	Amount in Lakhs
(a) The principal amount remaining unpaid to any supplier at the end of each accounting year;	98.16
(b) The interest payable thereon on (a)	0.90
(c) The amount of interest paid by the buyer along with the amount of the payment made to the supplier beyond the due date (as per PO or 45 days whichever is earlier) during each accounting year;	-
(d) The amount of interest due and payable for the period of delay in making payment (whic h has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-
(e) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.90
(f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-

(b) The trade payable amount of Rs.202.18 Cr includes Rs.153.58 Cr payable towards Land additional package payments & 42.74 Cr of Rehabilitation & Resettlement Expenses.

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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 companiy'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 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. 73,01,86,558- (31st March 2019: Rs.72,93,40,125/--) 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.42.86 Crores is likely to be incurred towards rehabilitation and resettlement as required under Ind AS 37 , provision has been made in this regard out of which during the current year 0.13 Cr has been paid and balance amount of 42.73 Cr is in Provisons

Movement in provision (Amount in Rs. Cr)	2018-19				2019-20			
	opening Provision	additions	payments	net closing balance	opening Provision	additions/deletions	payments	net closing balance
Land additional compensation	180.74		(9.27)	171.47	171.47	(16.91)	(0.99)	153.57
RR Colony		42.86		42.86	42.86	-	(0.13)	42.73
Total	180.74	42.86	(9.27)	214.33	214.33	(16.91)	(1.12)	196.30

33

The expenditure during the previous year in respect of the project includes Rs.313,14,14,000/- 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. 142,64,95,485/- has been paid by the company in this regard and Rs.. 16,91,48,410/- has been transferred to KGPL. For the remaining amount of Rs. 153,57,70,105 /- provision is shown in non - trade payables (Note 18 - Other Financial Liabilities).

34

(a) The company incurred a sum of Rs.211.51 Cr (Previous Year Rs. 273.93 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.

(b) Kakinada SEZ Limited was declared as the selected bidder under Swiss challenge proposal to construct, develop, operate, manage and maintain the Greenfield commercial Port through Public-Private Partnership (PPP) mode in accordance with the terms of the APIDE Act 2001 on Design, Build, Finance, Operate and transfer ("DBFOT") in Kona village, Thondangi Mandal of East Godavari District of Andhra Pradesh vide G.O.Ms. No. 20 dated 26.6.2018 issued by Government of Andhra Pradesh. The Swiss challenge proposal stipulates that the Port shall be established and operated through a Port SPV, which shall be a 100% wholly owned subsidiary of Kakinada SEZ Limited. Kakinada Gateway Port Limited has been incorporated as the SPV and a subsidiary of Kakinada SEZ Limited to establish and operate the port. Consequent to the above, Kakinada Gateway Port Limited has executed a concession agreement with Director of Ports, Government of Andhra Pradesh on 21.11.2018 for setting up of Port.

Kakinada SEZ Limited has obtained approvals and incurred expenditure towards the preliminary and other incidental requirements for the Port totaling to Rs.405.54 Crores. The company has transferred the above said costs to Kakinada Gateway Port Limited by way Business transfer agreement entered into between the two parties to transfer the port business after obtaining necessary approvals form the shareholders in General Meeting.

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-20	31-Mar-19
Profit/(Loss) attributable to equity holders	(61,53,975)	1,84,30,136
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)	(0.065)	0.20
Face value per share (Rs)	10	10

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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 below:

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 of Holding company
GMR Kakinada Energy Pvt. Ltd. (GKEPL)	Fellow Subsidiary of Holding company
GMR Krishnagiri SIR Limited (GKSL)	Fellow Subsidiary of Holding company
GMR Hyderabad International Airport Ltd. (GHIAL)	Fellow Subsidiary of Holding company
GMR Hospitality & Retail Ltd (GHRL)	Fellow Subsidiary of Holding company
GMR Aviation Private Limited (GAPL)	Fellow Subsidiary of Holding company
Raxa Security Services Limited (RAXA)	Fellow Subsidiary of Holding company
GMR Varalaxmi Foundation (GVF)	Group Company
GMR Airport Developers Limited (GADL)	Fellow Subsidiary of Holding company
GMR Highways Ltd (GHL)	Fellow Subsidiary of Holding company
GMR Vemagiri Power Generation Limited	Fellow Subsidiary of Holding company
Kakinada Gateway Port Limited	Wholly owned Subsidiary
GMR Kamalanga Energy Limited (GKEL)	Fellow Subsidiary of Holding company
GMR Chattishgarh Energy Ltd (GCEL)	Fellow Subsidiary of Holding company
Gmr Hyderabad Vijayawada Express Ways Pvt Ltd (GHVEPL)	Fellow Subsidiary of Holding company
GMR Family Fund Trust (GFFT)	Enterprise where key managerial personnel and their relatives exercise significant influence
Dhruvi Securities Pvt Ltd	Fellow Subsidiary of Holding company
GMR Generation Assets Ltd	Fellow Subsidiary of Holding company
GMR Aerostructures Services Limited	Fellow Subsidiary of Holding company
GMR Genco Assets Limited	Fellow Subsidiary of Holding company
Delhi International Airport Pvt Ltd	Fellow Subsidiary of Holding company
GMR Coastal Energy Pvt Ltd	Fellow Subsidiary of Holding company
Kakinada Infrastructure Holdings Pvt. Ltd. (KIHPL)	Significant Influence
Padma Priya Properties Pvt Ltd	Fellow Subsidiary of Holding company
GMR Energy Trading Limited	Fellow Subsidiary of Holding company
GMR POCHANPALLI EXPRESSWAYS LTD	Fellow Subsidiary of Holding company
GMR Kishangarh Udaipur Ahmedabad Expressways Ltd (GKUAE	Fellow Subsidiary of Holding company merged with GMR Highway Limited in Q2
Honey flower Estates Pvt Ltd	Fellow Subsidiary of Holding company

Details relating to Key Managerial Personnel

	Mr.G.MallikarjunaRao ,Director
	Mr.BVN Rao,Director
	Mr.G.K.Kiran Kumar,Director
	Mr. K.V.Rao ,Director
	Mr. P Jaydev,Director
	Mr. C R M Naidu, Manager
	Mr. Srinivasa Rao Suru, CFO
	Mr. G V Suresh Kumar, Company Secretary

Salaries of Key Managerial Personnel
For the Year 2019-20

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	35,43,763	29,17,485	22,36,404	86,97,652
	(b) post-employment benefits				-
	(c) other long-term benefits;				-
	(d) termination benefits;	1,80,327	1,46,865	1,11,444	4,38,636
	(e) share-based payment.				-
	Total	37,24,090	30,64,350	23,47,848	91,36,288

For the Year 2018-19

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	39,25,046	31,96,767	23,88,771	95,10,584
	(b) post-employment benefits	-	-	-	-
	(c) other long-term benefits;	-	-	-	-
	(d) termination benefits;	2,86,814	2,33,597	1,79,376	6,99,787
	(e) share-based payment.	-	-	-	-
	Total	42,11,860	34,30,364	25,68,147	1,02,10,371

Note : Previous year figures include reimbursements

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

I.	Transactions with Related Parties	Amt in Rs.	
Sl. No.	Particulars	2019-2020	2018-2019
A)	**Outstanding balances at the Period Ended**		
1	Issued Capital		
	- GMR SEZ and Port Holding Ltd	47,93,71,010	47,93,71,010
2	Land Aggregation & Material Supply Advance		
	- GMR Enterprises Private Limited	-	50,00,00,000
3	Equity component of Loan		
	- GMR SEZ and Port Holding Ltd	15,62,768	15,62,768
4	Loan from Group companies		
	-GMR Infrastructure Limited	7,08,75,99,350	10,14,06,90,636
	-GMR Highways Limited	3,99,37,54,129	4,38,94,34,129
	GMR Genco Assets Limited	18,90,00,000	15,00,00,000
	Kakinada Refinery & Petrochemicals Pvt Ltd	3,09,34,359	3,09,34,359
	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
	GMR SEZ and Port Holdings Ltd	1,50,00,00,000	1,50,00,00,000
	- Raxa Security Services Limited	8,35,00,000	8,35,00,000
	Honeyflower Estates Pvt Ltd	50,00,000	50,00,000
	GMR Pochanpalli Expressways Limited	75,00,00,000	75,00,00,000
	GMR Airports Limited	4,25,00,00,000	-
5	Creditors/Payable		
	-GMR Infrastructure Limited	2,01,00,30,869	1,19,39,01,906
	- GMR Hyderabad International Airport Ltd	64,44,081	39,53,328
	- GMR Highways Limited	1,01,17,18,247	51,32,08,270
	- GMR Enterprises Pvt Ltd	-	1,120
	- GMR Genco Assets Limited	1,69,49,307	3,90,01,315
	- Kakinada Refinery & Petrochemicals Pvt Ltd	39,43,885	36,74,028
	GMR Aerostructures Services Limited	8,27,37,643	5,19,45,075
	GMR Generation Assets Ltd	42,65,36,815	27,14,25,514
	Raxa Security Services Limited	3,28,72,101	1,27,99,164
	GMR Energy Trading Limited	21,81,03,494	10,55,75,702
	Honeyflower Estates Pvt Ltd	2,37,014	1,84,253
	GMR Pochanpalli Expressways Limited	21,04,29,093	14,61,28,408
	GMR Airports Limited	2,17,97,260	
	GMR Varalakshmi Foundation Limited	-	4,32,818
	GMR Corporate Affairs Pvt Limited	3,96,144	-
	GMR Hospitality & Retail Ltd	13,277	
6	Security Deposit Payable		
	- GMR Energy Trading Limited	85,00,00,000	85,00,00,000
7	Debtors/Receivable		
	Delhi International Airport Limited	14,650	14,650
	Kakinada Gateway Port Limited	4,05,53,94,279	
8	Investments		
	Kakinada Gateway Port Limited	1,00,000	1,00,000
9	Equity components of CG provided to subsidiary		
	Kakinada Gateway Port Limited	11,22,55,365	11,22,55,365
10	Equity components of loan to subsidiary		
	Kakinada Gateway Port Limited	22,98,56,655	
11	Loans given to group company		
	Kakinada Gateway Port Limited	3,12,72,855	-
12	Security Deposit receivable		
	- Raxa Security Services Limited	42,00,000	42,00,000
13	Fair valuation of CG given to GMR Infrastructure Limited	1,43,75,832	
14	Directors sitting fee paid		
	Mr. Kodukula Somayajulu	-	15,000
	Mr.Ramakrishna Reddy	15,000	
	Mr.PVS Murty	15,000	

B) Securities Provided to Group Companies

Sl. No.	Counter Party Group Company	Code No.	Nature of Transaction
1	GMR Infastructure 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

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

2	GMR Infastructure 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 Infastructure 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 Infastructure Limited	IC6100	Security provided by way of first pari passu charge on the land of Kakinada SEZ Ltd against the corporate loan availed by GIL from IFCI Limited to the extent of Rs.250Cr.
5	Kakinada Gateway Port Limited	IC5700	Security provided by way of charge on 9994 Shares of Kakinada Gateway Port Limited by Kakinada SEZ Limited against the credit facilities of Rs. 500 Cr availed by KGPL
6	GMR Infastructure Limited	IC6100	Corporate guarnatee given to IFCI Ltd against the corporate loan of Rs. 250 Cr availed by GIL
7	Kakianda Gateway Port Limited	IC5700	Corporate guarantee given to Yes Bank Limited against the credit facilities of Rs. 500 Cr availed by KGPL

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

Sl. No.	Counter Party Group Company	Nature ofTransaction	2019-2020	2018-2019
1	GMR Infrastructure Limited	Share of corporate Exp	30,65,363	20,82,807
2	GMR Hyderabad International Airport Limited	Various Expenses	30,09,298	28,53,616
3	GMR SEZ & PORT HOLDINGS PRIVATE LIM	SGA-Consultancy Charges - Others	50,000	50,000
4	GMR Hospitality & Retail Ltd	SGA - Inland Travel - Other Expenses	1,38,791	5,07,502
5	Raxa Security Services Limited	Security Charges	1,17,45,486	1,47,42,093
6	GMR Enterprises Pvt Ltd	Logo fees	-	1,000
7	GMR Infrastructure Limited	Interest on Loan	1,30,69,42,266	1,19,18,84,814
7	GMR Highways Limited	Interest on Loan	50,86,83,650	54,65,51,160
8	GMR Genco Assets Limited	Interest on Loan	1,88,31,103	1,83,75,000
9	Kakinada Refinery & Petrochemicals Pvt Ltd	Interest on Loan	37,99,841	50,82,254
10	GMR Aerostructures Services Limited	Interest on Loan	3,08,31,740	3,07,47,500
11	GMR Generation Assets Ltd	Interest on Loan	15,66,78,082	15,62,50,000
12	Raxa Security Services Limited	Interest on Loan	1,04,66,096	1,04,37,500
13	Honeyflower Estates Pvt Ltd	Interest on Loan	6,14,178	2,04,726
14	GMR Pochanpalli Expressways Limited	Interest on Loan	7,14,45,205	31,23,288
15	GMR Energy Trading Limited	Interest on Loan Security Deposit	11,45,90,479	10,41,25,000
16	Dhruvi Securities Pvt Limited	Interest on Loan	-	8,78,47,603
17	GMR Airports Limited	Interest on Loan	2,42,19,179	-
18	GMR Corporate Affairs Pvt Limited	SGA- Regular Maintenance -Software	3,36,000	-
	Total		**2,26,54,46,756**	**2,17,48,65,863**

D) Transactions with Group Companies absorbed into P&L

Sl. No.	Counter Party Group Company	Nature ofTransaction	2019-2020	2018-2019
1	GMR Hospitality & Retail Limited	SGA - Inland Travel - Other Expenses	45,043	87,590
2	GMR Varalaxmi Foundation	CSW Expenses	10,24,451	17,33,406
3	Raxa Security Services Limited	Security Charges	9,86,556	7,13,533
4	Kakinada Gateway Port Limited	Fair value profit on financial instruments at fair value	(5,00,797)	-
	Total		**15,55,253**	**25,34,529**

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

M.Krishna Chaithanya
Partner
Membership No.231282

K.S. RAO & Co. Chartered Accountants CHENNAI

Place: Chennai
Date: 30th May, 2020

For and on behalf of the Board of Directors

B.V.N.Rao
Director
DIN: 00051167

P. Jayadev
Director
DIN No. 00782667

G.V. Suresh Kumar
Company Secretary
A 7513

Srinivasa Rao Suru
CFO

Place: Hyderabad
Date: 30th May, 2020

KAKINADA SEZ LIMITED

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

	31-03-2020	31-03-2019
Gratuity Plan:		
Defined benefit obligation (DBO)	(70,23,942)	(59,13,304)
Fair value of plan assets (FVA)	41,70,935	45,41,770
Net defined benefit asset/(liability)	**(28,53,007)**	**(13,71,534)**

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, 2020

Particulars	31-03-2020	31-03-2019
Current Service Cost	**5,64,332**	**8,85,603**
Net Interest Cost	**1,03,211**	**3,97,013**
	6,67,543	**12,82,616**

Amount recognised in Other Comprehensive Income for the year ended 31st March, 2020

	Gratuity	
Particulars	31-03-2020	31-03-2019
Actuarial (gain)/ loss on obligations	8,49,549	1,76,219

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2020 are as follows:

Particulars	31-03-2020	31-03-2019
Opening defined obligation	59,13,304	94,93,548
Current service cost	5,64,302	8,85,603
Interest cost on the DBO	4,24,442	7,21,510
Past service cost plan amendments	-	-
Acquistion (credit)/cost	(8,614)	(52,78,488)
Actuarial (gain)/ loss - experience	4,83,005	91,131
Actuarial (gain)/ loss - demographic assumptions	-	-
Actuarial (gain)/ loss - Financial assumptions	3,04,566	-
Benefits paid from plan assets	(6,57,093)	-
Actuarial (gain)/ loss on obligations		
Defined benefit obligation	**70,23,912**	**59,13,304**

Changes in the fair value of the plan assets for the year ended 31st March, 2020 are as follows:

Particulars	31-03-2020	31-03-2019
Fair value of assets at the end of the prior period	45,41,770	42,37,043
Acquisition adjustment	-8,614	-
Interest income on plan assets	3,21,231	3,24,497
Employer contributions	35,619	65,318
Return on plan assets greater/ (lesser) than discount rate	-61,978	-85,088
Benefits paid	-6,57,093	-
Fair value of assets at the end of the current period	**41,70,935**	**45,41,770**

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

Particulars	Gratuity	
	31-Mar-20	31-Mar-19
Discount rate (in %)	6.80%	7.60%
Salary Escalation (in %)	6%	6%

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:

Gratuity Plan

	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity Level	6.80%	7.60%	6%	6%
	INR Lacs	**INR Lacs**	**INR Lacs**	**INR Lacs**
Impact on defined benefit obligation due to	-	-	-	-
1% increase	-3,76,528.00	-3,29,953.00	4,22,067.00	3,72,340.00
1% decrease	4,22,510.00	3,69,780.00	-3,82,926.00	-3,37,955.00

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-20	31-Mar-19
Within the next 12 months (next annual reporting period)	10,97,260	9,54,430

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (31 March 2019: 10 years).

(ii) Liability towards leave encashment based on actuarial valuation amounts to Rs. 76,86,095/- as at March 31, 2020 (as at March 31, 2019: Rs. 79,34,780/-)

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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 2020	At 31 March 2019
Borrowings	19,39,07,87,837	18,73,79,59,555
Less: Cash & Cash equivalents	1,81,27,783	1,79,19,714
Total debt	**19,37,26,60,054**	**18,72,00,39,841**
Capital Components		
share Capital	93,99,43,161	93,99,43,161
Other equity	(14,57,54,701)	(12,43,75,258)
Total Capital	**79,41,88,460**	**81,55,67,903**
Capital and net debt	**20,16,68,48,514**	**19,53,56,07,744**
Gearing ratio (%)	**96%**	**96%**

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 except for IFCI loan which has been repaid .

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

K.S. RAO & CO. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Note.39

Notes to the financial statements as at March 31,2020

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.445,11,64,260/- and Rs. 13,47,02, 472/-- as at March 31, 2020 and March 31, 2019 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
March 31, 2020				
Borrowings (other than convertible preference shares)	9,46,54,56,915	9,92,53,30,923	-	**19,39,07,87,838**
Other financial liabilities	4,02,30,28,835	24,86,369	-	**4,02,55,15,204**
Non Trade payables	1,91,80,395	2,01,14,80,159	-	**2,03,06,60,554**
Total	**13,50,76,66,145**	**11,93,92,97,451**	-	**25,44,69,63,596**

Borrowings (other than convertible preference shares)				
Related Party- Entity wise	**9,46,54,56,915**	**9,92,53,30,923**	**-**	**19,39,07,87,838**
GMR Infrastructure Limited		7,08,75,99,350		7,08,75,99,350
GMR Highways Limited	1,63,19,56,915	2,36,17,97,214		3,99,37,54,129
GMR Genco Assets Limited		18,90,00,000		18,90,00,000
Kakinada Refinery & Petrochemicals Pvt Ltd		3,09,34,359		3,09,34,359
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
GMR Pochanpalli Expressways 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	8,35,00,000			8,35,00,000
GMR Airports Limited	4,25,00,00,000			4,25,00,00,000
Honey flower Estates Pvt Ltd		50,00,000		50,00,000
Others (from Banks, financial institution and others)		-		-
Total	**9,46,54,56,915**	**9,92,53,30,923**	**-**	**19,39,07,87,838**

Other financial liabilities				
Related Party- Entity wise	**4,02,30,28,835**	**-**	**-**	**4,02,30,28,835**
GMR Infrastructure Limited	2,00,75,20,139			2,00,75,20,139
GMR Highways Limited	1,01,17,18,247			1,01,17,18,247
GMR GENCO ASSETS LIMITED	1,69,49,307			1,69,49,307
Kakinada Refinery and Petro chemicals Pvt Limited	39,43,885			39,43,885
GMR Generation Assets Ltd	42,65,36,815			42,65,36,815
Raxa Security Services Limited	2,30,55,938			2,30,55,938
GMR Energy Trading Limited	21,81,03,494			21,81,03,494
'GMR Aerostructures Services Limited	8,27,37,643			8,27,37,643
'Homeyflower Estates Pvt Ltd	2,37,014			2,37,014
GMR Aiports Limited	2,17,97,260			2,17,97,260
'GMR POCHANPALLI EXPRESSWAYS LTD	21,04,29,093			21,04,29,093
Others	-	24,86,369		24,86,369
Total	**4,02,30,28,835**	**24,86,369**	**-**	**4,02,55,15,204**
				2,34,04,99,641

Trade payables				
Related Party- Entity wise	**1,91,80,395**	**-**	**-**	**1,91,80,395**
GMR Hyderabad International Airport Ltd	64,44,081			**64,44,081**
GMR Enterprises Pvt Ltd	-			-
GMR Varalakshmi Foundation Limited	-			-
GMR Corporate Service Limited	3,96,144			3,96,144
GMR Hospitality & Retail	13,277			13,277
GMR HIGHWAYS LIMITED Total				-
GMR HOSPITALITY AND RETAIL LTD. Total				-
GMR HYDERABAD INTERNATIONAL AIRPORT Total				-
GMR INFRASTRUCTURE LIMITED Total	25,10,730			**25,10,730**
RAXA SECURITY SERVICES LIMITED Total	98,16,163			**98,16,163**
Others		**2,01,14,80,159**		**2,01,14,80,159**
	1,91,80,395	**2,01,14,80,159**	**-**	**2,03,06,60,554**

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

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, 2020

Particulars	Fair value through other comprehensive income	Fair value through profit or loss	Amortised cost	Total Carrying value	Total Fair value
Financial assets					
(i) Cash and cash equivalents	-	-	1,81,27,783	1,81,27,783	1,81,27,783
(ii) Trade Receivables			5,33,211	5,33,211	5,33,211
(iii) Loans	-	-	-	-	-
(iv) Other financial assets			4,13,87,11,190	4,13,87,11,190	4,13,87,11,190
Total	-	-	**4,15,73,72,183**	**4,15,73,72,183**	**4,15,73,72,183**
Financial liabilities	-	-	-	-	-
(i) Borrowings			9,92,53,30,922	9,92,53,30,922	9,92,53,30,922
(ii) Trade payables			2,01,20,52,201	2,01,20,52,201	2,01,20,52,201
(iii) Other financial liabilities			14,52,30,65,365	14,52,30,65,365	14,52,30,65,365
Total	-	-	**26,46,04,48,488**	**26,46,04,48,488**	**26,46,04,48,488**

As at March 31, 2019

(Rs. in crore)

Particulars	Fair value through other comprehensive income	Fair value through profit or loss	Amortised cost	Total Carrying value	Total Fair value
Financial assets					
(i) Cash and cash equivalents	-	-	1,79,19,714	1,79,19,714	1,79,19,714
(ii) Trade Receivables			2,61,835	2,61,835	2,61,835
(iii) Loans	-	-	83,334	83,334	83,334
(iv) Other financial assets			7,80,39,995	7,80,39,995	7,80,39,995
Total	-	-	**9,63,04,879**	**9,63,04,879**	**9,63,04,879**
Financial liabilities	-	-	-	-	-
(i) Borrowings			10,65,06,67,851	10,65,06,67,851	10,65,06,67,851
(ii) Trade payables			2,18,88,17,163	2,18,88,17,163	2,18,88,17,163
(iii) Other financial liabilities			9,49,25,70,298	9,49,25,70,298	9,49,25,70,298
Total	-	-	**22,33,20,55,312**	**22,33,20,55,312**	**22,33,20,55,312**

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Note - 41

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 11,91,45,487/- (31 March 2019: 10,99,50,858//-) of tax losses carried forward. Deferred tax has to be recognized in respect of temporary difference, .The Company neither have 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 interval 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 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.However, the company does not intend to avail the benefit.

K.S. RAO & Co. Chartered Accountants CHENNAI

KAKINADA SEZ LIMITED

Related Party Transaction Details
For the period ended March 31, 2020
Balance Sheet
Kakinada SEZ Limited
Company Code E5600

A. **Receivable / Reimbursement / Trade receivable / Deposits paid / Interest receivable**

In Rs.

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IGAAP Amount	BPC IND AS GL	Ind AS adjustment Amount		Total (IGAAP + IND AS Adjustments)
1	KGPL	I_E5700	Kakinada Gateway port Limited	Port Business Transfer consideration		Other financial assets Current	Non trade receivable- related party	4055394279				4,05,53,94,279.00
2	RAXA	I_E8000	Raxa Security Services Limited	Security Deposit		Other Non current assets	Mobilisation advance	4200000				42,00,000.00
3	DIAL	I_E1500	Delhi International Airport Limited	Travel expenses		Trade receivables current	Receivables (unsecured considered good)	14650				14,650.00

B. **Payable / Trade payable / Retention payable / Deposits received / Interest payable**

In Rs.

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IGAAP Amount	BPC IND AS GL	Ind AS adjustment Amount		Total (IGAAP + IND AS Adjustments)
1	GIL	I_E6100	GMR Infrastructure Limited	Shared cost expenses		Trade payables Current	Trade payables - Current - Due from Related parties	2510730				25,10,730.00
2	GHIAL	I_E1000	GMR Hyderabad International Airport Limited	Various expenses		Trade payables Current	Trade payables - Current - Due from Related parties	6444081				64,44,081.00
3	RAXA	I_E8000	Raxa Security Services Limited	Security charges		Trade payables Current	Trade payables - Current - Due from Related parties	9816163				98,16,163.00
4	GIL	I_E6100	GMR Infrastructure Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	2007520139				2,00,75,20,139.00
5	GMRHL	I_E3300	GMR Highways Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	1011718247				1,01,17,18,247.00
6	GETL	I_E2900	GMR Energy Trading Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	218103494				21,81,03,494.00
7	GPEPL	I_E3130	GMR Pochanpalli Expressways Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	210429093				21,04,29,093.00
8	GGEAL	I_E2170	GMR Geneco Assets Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	16949307				1,69,49,307.00
9	KRPPL	KRPPL	Kakinada Refinery & Petrochemicals Private Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	3943885				39,43,885.00
10	GGAL	I_E2361	GMR Generation Asset Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	426536815				42,65,36,815.00
11	GASL	I_E1150	GMR Aerostructure Services Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	82737643				8,27,37,643.00
12	RAXA	I_E8000	Raxa Security Services Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	23055938				2,30,55,938.00
13	HFEPL	I_E5529	Honey Flower Estates Private Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	237014				2,37,014.00
14	GAL	I_E6110	GMR Airports Limited	Interest payable on Loan taken		Other financial liabilities Current	Interest accrued on Inter corporate loans and deposits	21797260				2,17,97,260.00
15	GETL	I_E2900	GMR Energy Trading Limited	Security deposit		Other financial liabilities Non current	Security deposit Non current	850000000				85,00,00,000.00
16	GCAPL	I_E6610	GMR Corporate Affairs Private Limited	SGA- Regular Maintenance - Software		Trade payables Current	Trade payables - Current - Due from Related parties	396144				3,96,144.00
17	GHRL	I_E1154	GMR Hospitality and Retail Limited	SGA - Business Promotion - Business Lunch		Trade payables Current	Trade payables - Current - Due from Related parties	13277				13,277.00

C. **Loan given to group companies / Share application money / Other advances**

In Rs.

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IGAAP Amount	BPC IND AS GL	Investment in Equity portion of related party loans / debenture Other IND AS adjustment	BPC IND AS GL	Notional interest expense accrued till date	Total (net of Ind AS Adjustments)
1	KGPL	I_E5700	Kakinada Gateway port Limited	Loan given to Group Company		Loans non current	Loan Non curmet - unsecured considered good	260628713	110902030.INP	(22,93,55,858.50)			3,12,72,854.50

D. **Loan taken from group companies / Share application money refundable / Other loans/ Prefrence Share/ Debentures**

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IGAAP Amount	BPC IND AS GL	Equity Component of related party loans / debenture/ Prf Share (excluding DTL)	BPC IND AS GL	Notional interest expense accrued till date	Total (IGAAP + IND AS Adjustments)	DTL/ DTA	BPC
1	GIL	I_E6100	GMR Infrastructure Limited	Loan		Long term borrowings	Inter corporate loans and deposits	7,08,75,99,350.00					7,08,75,99,350.00		
2	GMRHL	I_E3300	GMR Highways Limited	Loan		Long term borrowings	Inter corporate loans and deposits	3,99,37,54,129.00					3,99,37,54,129.00		

KAKINADA SEZ LIMITED

K.S. RAO & CO. Chartered Accountants CHENNAI

3	GGEAL	I_E2170	GMR Geneco Assets Limited	Loan		Long term borrowings	Inter corporate loans and deposits	18,90,00,000.00					18,90,00,000.00		
4	KRPPL	KRPPL	Kakinada Refinery & Petrochemicals Private Limited	Loan		Long term borrowings	Inter corporate loans and deposits	3,09,34,359.00					3,09,34,359.00		
5	GASL	I_E1150	GMR Aerostructure Services Limited	Loan		Long term borrowings	Inter corporate loans and deposits	25,10,00,000.00					25,10,00,000.00		
6	GGAL	I_E2361	GMR Generation Asset Limited	Loan		Long term borrowings	Inter corporate loans and deposits	1,25,00,00,000.00					1,25,00,00,000.00		
7	RAXA	I_E8000	Raxa Security Services Limited	Loan		Long term borrowings	Inter corporate loans and deposits	8,35,00,000.00					8,35,00,000.00		
8	GPEPL	I_E3130	GMR Pochanpalli Expressways Limited	Loan		Long term borrowings	Inter corporate loans and deposits	75,00,00,000.00					75,00,00,000.00		
9	GSPHL	I_E6121	GMR SEZ & Port Holdings Limited	Loan		Long term borrowings	Inter corporate loans and deposits	1,50,00,00,000.00					1,50,00,00,000.00		
10	HFEPL	I_E5529	Honey Flower Estates Private Limited	Loan		Long term borrowings	Inter corporate loans and deposits	50,00,000.00					50,00,000.00		
11	GAL	I_E6110	GMR Airports Limited	Loan		Long term borrowings	Inter corporate loans and deposits	4,25,00,00,000.00					4,25,00,00,000.00		

E. Deferred Tax

In Rs.

Sl No	Short Code	IC Code	Company name		GL Code	Main Head	Sub Head	IGAAP Amount	BPC IND AS GL	DTL on Equity Component	BPC IND AS GL	DTL reversed via Notional interest	Total (IGAAP + IND AS Adjustments)
1													-

F. Share Capital/ Other Equity (SAM/ Equity Component of Loan/ Debenture/ Preference share)

In Rs.

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IGAAP Amount	BPC IND AS GL	Equity Component of related party loans / debenture/ Prf Share (excluding DTL)	BPC IND AS GL	DTL/ DTA (DTL on equity component)	Deferred Tax on Ind AS Adjustments	Total (IGAAP + IND AS Adjustments)
1	GSPHL	I_E6121	GMR SEZ & Port Holdings Limited	Share capital		Share capital	Issues Equity Capital	479371010						47,93,71,010.00
2	GSPHL	I_E6121	GMR SEZ & Port Holdings Limited	Equity component of Loan		Other equity	Equity component of Related Party Loans		210200210.INP	15,62,768.00				15,62,768.00
3	GIL	I_E6100	GMR Infrastructure Limited	Re-comp. of CG given on behalf of GIL-Rs.14375832/-		Other equity	Equity component of Related Party Loans		210200210.INP	1.00				1.00

G. Investment in group company (including equity components of loans/ debenture/ pref share/ financial guarantee)

In Rs.

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IGAAP Amount	BPC IND AS GL	Investment in Equity portion of preference share/ debenture/ Loans	BPC GL	Notional interest expense accrued till date	Total (net of Ind AS Adjustments)
1	KGPL	I_E5700	Kakinada Gateway port Limited	Investment in Share capital		Investment in subsidiaries associate and a joint venture	Investment in equity shares - Subsidiary companies	100000					1,00,000.00
2	KGPL	I_E5700	Kakinada Gateway port Limited	Equity components of CG provided to subsidiary		Investment in subsidiaries associate and a joint venture	Equity component of compound financial instrument - related party Loans		111000180.INP	229856655			22,98,56,655.00
3	KGPL	I_E5700	Kakinada Gateway port Limited	Equity components of CG provided to subsidiary		Investment in subsidiaries associate and a joint venture	Equity component of compound financial instrument - related party Loans		111000180.INP	112255365			11,22,55,365.00

H. Provision

In Rs.

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IGAAP Amount	BPC IND AS GL	Ind AS adjustment Amount		Total (IGAAP + IND AS Adjustments)
1												-

I. Right of Use (Lease Assets)

In Rs.

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IGAAP Amount	BPC IND AS GL	Ind AS adjustment Amount		Total (IGAAP + IND AS Adjustments)
1												-

For Mr.K.S.Rao & Co
Chartered Accountants
Firm registration number "0031095

M.Krishna Chaithanya
Partner
Mem No. 231282

K.S. RAO & CO. Chartered Accountants CHENNAI

Place : Hyderabad
Date: 30-05-2020

For and on behalf of the Board of Directors
Kakinada SEZ Limited

Mr.B.V.N.Rao
Director
DIN: 00051167

Mr.G.V. Suresh Kumar
Company Secretary
A7513

KAKINADA SEZ LIMITED

Related Party Transaction Details
For the period ended March 31, 2020
Profit & Loss
Kakinada SEZ Limited
Company Code E5600

A. **Income**

In Rs.

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IC_ELIM/ PLUG	BPC IGAAP GL	IGAAP Amount	Provisional Income	Reimbursement Income	BPC IND AS GL	Ind AS adjustment Amount	Total (IGAAP + IND AS Adjustments)	BPC GL	DTL/ DTA	Deferred Tax Expense/ (Income)
1	KGPL	I_E5700	Kakinada Gateway port Limited	Notional Interest income on loan		Other income	Interest income on loan/ICD	ELIMTYP18	420200121.INP				420200121.INP	500797	5,00,797.00			

B. **Expense (including Dividend paid)**

In Rs.

Sl No	Short Code	IC Code	Company name	Transaction Description	GL Code	Main Head	Sub Head	IC_ELIM/ PLUG	BPC IGAAP GL	IGAAP Amount	Provisional Expense	Reimbursement Expense	BPC IND AS GL	Ind AS adjustment Amount	Total (IGAAP + IND AS Adjustments)	BPC GL	DTL/ DTA	Deferred Tax Expense/ (Income)
1	GHRL	I_E1154	GMR Hospitality and Retail Limited	SGA - Business Promotion - Business Lunch		Other expenses	Travelling and conveyance	ELIMTYP16	510107210.INP	45043					45,043.00			
2	RAXA	I_E8000	Raxa Security Services Limited	Security Charges		Other expenses	Security charges	ELIMTYP16	510107340.INP	986556					9,86,556.00			
3	GVF	GVF	GMR Varalakshmi Foundation	CSW Expenses		Other expenses	Miscellaneous expenses	ELIMTYP16	510107190.INP	1024451					10,24,451.00			

C. **Expenses / income capitalised to CWIP / FA / Other Intangible assets**

In Rs.

Sl No	Short Code	IC Code	Company name	Capitalised under (to be selected from dropdown list)	GL Code	Nature of Expense	Sub Head	IC_ELIM/ PLUG	BPC IGAAP GL	IGAAP Amount			BPC IND AS GL	Ind AS adjustment Amount	Total (IGAAP + IND AS Adjustments)
1	GIL	I_E6100	GMR Infrastructure Limited	Investment Property under constructions		Other expenses	Corporate allocation charges	ELIMTYP16	510107640.INP	3065363					30,65,363.00
2	GHIAL	I_E1000	GMR Hyderabad International Airport Limited	Investment Property under constructions		Other expenses	Office maintenance and other expenses	ELIMTYP16	510107760.INP	3009298					30,09,298.00
3	GSPHL	I_E6121	GMR SEZ & Port Holdings Limited	Investment Property under constructions		Other expenses	Management fee	ELIMTYP16	510107770.INP	50000					50,000.00
4	GHRL	I_E1154	GMR Hospitality and Retail Limited	Investment Property under constructions		Other expenses	Travelling and conveyance	ELIMTYP16	510107210.INP	138791					1,38,791.00
5	RAXA	I_E8000	Raxa Security Services Limited	Investment Property under constructions		Other expenses	Security charges	ELIMTYP16	510107340.INP	11745486					1,17,45,486.00
6	GCAPL	I_E6610	GMR Corporate Affairs Private Limited	Investment Property under constructions		Other expenses	Marketing expense	ELIMTYP16	510107660.INP	336000					3,36,000.00
7	GIL	I_E6100	GMR Infrastructure Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	1306942266					1,30,69,42,266.00
8	GMRHL	I_E3300	GMR Highways Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	508683650					50,86,83,650.00
9	GGEAL	I_E2170	GMR Generco Assets Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	18831103					1,88,31,103.00
10	KRPPL	KRPPL	Kakinada Refinery & Petrochemicals Private Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	3799841					37,99,841.00
11	GASL	I_E1150	GMR Aerostructure Services Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	30831740					3,08,31,740.00
12	GGAL	I_E2361	GMR Generation Asset Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	156678082					15,66,78,082.00
13	RAXA	I_E8000	Raxa Security Services Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	10466096					1,04,66,096.00
14	HFEPL	I_E5529	Honey Flower Estates Private Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	614178					6,14,178.00
15	GPEPL	I_E3130	GMR Pochanpalli Expressways Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	71445205					7,14,45,205.00
16	GETL	I_E2900	GMR Energy Trading Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	114590479					11,45,90,479.00
17	GAL	I_E6110	GMR Airports Limited	Investment Property under constructions		Finance costs	Interest on loan/ICD	ELIMTYP18	510108111.INP	24219179					2,42,19,179.00

For Mr.K.S.Rao & Co
Chartered Accountants
Firm registration number "0031095

M.K.Chaithanya

M.Krishna Chaithanya
Partner
Mem No. 231282

K.S. RAO & CO. * Chartered Accountants * CHENNAI

Place : Hyderabad
Date: 30-05-2020

For and on behalf of the Board of Directors
Kakinada SEZ Limited

Mr.B.V.N.Rao
Director
DIN: 00051167

Mr.G.V. Suresh Kumar
Company

A7513

KAKINADA SEZ LIMITED