

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

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Kakinada SEZ Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the



accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

- a. We draw attention to Note 10(a), to the accompanying financial statements for the year ended 31 March 2017, 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.800.57 lakhs (Excluding consequential penalties if any to be levied) has not been provided, in view of pendency of appeal before the appellate authorities. The management based on expert's opinion and on the strength of the merits of the issue is confident of a favourable outcome.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 27-(II) to the standalone Ind AS financial statements;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) Currently there are no amounts held by the company that are required to be transferred to Investor education and protection fund hence we do not comment on the same; and
 - iv) The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 36 to the standalone Ind AS financial statements.

Place: Chennai
Date: 25.04.2017

For Brahmayya & Co
Chartered Accountants
Firm Regn No.: 000511S



N. Sri Krishna
Partner
Membership No.: 26575

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 Ind AS financial statements for the year ended 31 March 2017, 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 regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (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 are stated to have been held in the name of the company (the lenders have also accepted the assets as security for creating mortgages) and are directly confirmed by the lenders as on the reporting date.
- ii) The Company is engaged in the business of developing and operation of Special Economic Zone. Accordingly it 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, with respect to the loans and investments made.
- 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.
- vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during



the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 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 (Rs. in Lakhs)	Amount paid under protest/Adjusted (Rs. in lakhs)	Period	Forum where the dispute is pending
Income Tax	136.09	136.09	AY 2007-2008	Pending before appeal for High Court
Income Tax (Penalty)	111.16	19.19	AY 2007-2008	Pending before appeal for High Court
Income Tax	251.41	251.41	AY 2008-2009	Pending before appeal for High Court
Income Tax (Penalty)	207.12	NIL	AY 2008-2009	Pending before appeal for High Court
Income Tax	57.48	56.09	AY 2009-2010	Pending before appeal for High Court
Income Tax	8.81	8.81	AY 2010-2011	CIT Appeals
Income Tax	1.35	1.35	AY 2011-2012	CIT Appeals
Income Tax	27.16	27.16	AY 2013-2014	CIT Appeals
Total	800.57	500.10	-	-

- 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 instalments due to financial institutions, banks or debenture holders.
- ix) The company did not raise any money by way of Initial Public Offer or further public offer (including debt instruments). On the basis of review of utilisation of funds on overall basis the term loans were applied for the purpose for which the loans were obtained.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration. Accordingly paragraph 3(xi) of the order is not applicable.



- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Chennai
Date: 25.04.2017

For Brahmayya & Co
Chartered Accountants
Firm Regn No.: 0005115



N. Sri Krishna
Partner
Membership No.:26575

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 2017 in conjunction with our audit of the standalone Ind AS 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 Ind AS financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the



transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Chennai
Date: 25.04.2017

For Brahmayya & Co
Chartered Accountants
Firm Regn No.: 0005115



N. Sri Krishna
Partner
Membership No.:26575

KAKINADA SEZ LIMITED
BALANCE SHEET AS AT 31ST MARCH 2017

Amt in Rs.

Particulars	Notes	Ind AS	Ind AS	Ind AS
		31st March, 2017	31st March, 2016	1st April '15
Assets:				
Non-Current Assets				
Property, Plant and Equipment	3	27,257,392	8,817,477	12,435,086
Investment Property	4	134,929,018	-	-
Investment Property under development	5	18,362,169,721	16,459,818,027	11,662,085,575
Other Intangible assets	6	378,206	481,693	585,180
Financial Assets				
Investments	7	100,000	-	-
Other Financial Assets	9	77,091,049	227,291,284	168,876,690
Other non-current assets	10	1,585,532,937	1,566,043,657	1,400,460,843
Non-current balance of current tax assets (Net)	11	4,964,953	2,256,490	3,894,023
		20,192,423,276	18,264,708,628	13,248,337,396
Current Assets				
Financial Assets				
Trade receivables	12	60,956	35,434	-
Cash and cash equivalents	13	3,508,760	9,775,222	5,428,655
Loans	8	28,000	-	775,448
Other Financial Assets	9	496,010	796,643	45,190
Other current assets	10	3,164,057	3,055,015	10,886,874
		7,257,783	13,662,313	17,136,166
Total Assets		20,199,681,059	18,278,370,941	13,265,473,562
Equity & Liabilities:				
Equity				
Equity Share Capital	14	939,943,161	939,943,161	939,943,161
Other equity	15	(99,553,869)	(42,363,767)	(28,310,393)
Equity contribution from parents - Related party loan	15	1,562,768	1,562,768	2,535,561
Non-Current Liabilities				
Financials Liabilities				
Borrowings	16	13,280,467,690	12,986,029,849	3,156,921,955
Employee benefit obligations	17	11,790,442	13,794,635	11,699,348
Other Liabilities	20	2,978,331	3,370,642	-
Current liabilities				
Financial Liabilities				
Borrowings	18	-	94,100,000	4,948,164,915
Other financial liabilities	19	6,043,728,017	4,232,544,108	4,229,766,276
Employee benefit obligations	17	9,572,704	8,765,873	1,685,376
Other Liabilities	20	9,191,816	40,623,672	3,067,363
Total Equity & Liabilities		20,199,681,059	18,278,370,941	13,265,473,562
Significant Accounting Policies & Disclosures	1&2			

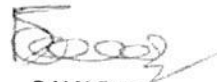
As per our report of even date

For and on behalf of the Board of Directors

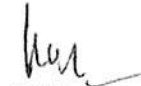
For M/s. BRAHMAYYA & Co.,
Chartered Accountants
Firm Reg. No. 0005115




N.SRI KRISHNA
Partner
Membership No: 26575



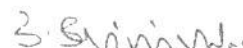
B.V.N.Rao
Director
DIN: 00051167



K.V.Rao
Director
DIN: 00012584



G.V. Suresh Kumar
Company Secretary



Srinivasa Rao Suru
CFO

Place: Hyderabad
Date: 25th April, 2017

Place: Hyderabad
Date: 25th April, 2017



KAKINADA SEZ LIMITED
Statement of profit and loss for the year ended 31-March-2017

Amt in Rs.

Particulars	Notes	01-Apr-16 to 31-Mar-17	01-Apr-15 to 31-Mar-16
		Ind AS	Ind AS
CONTINUING OPERATIONS			
Revenue from operations	21	21,120,081	-
Other income	22	1,833,988	-
Total Revenue		22,954,069	-
Expenses			
Employee Benefits Expense	23	23,346,350	-
Depreciation	24	6,954,244	-
Other Expenses	25	24,749,649	14,084,396
Finance Costs	26	25,246,083	-
Total Expenses		80,296,326	14,084,396
Profit/(loss) before tax from continuing operations		(57,342,257)	(14,084,396)
(1) Current tax			
(2) Deferred tax			
Income tax expense			
Profit/(loss) for the period		(57,342,257)	(14,084,396)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement gains (losses) on defined benefit plans		152,154	31,022
Income tax effect			
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		(57,190,103)	(14,053,374)

As per our report of even date

For M/s. BRAHMAYYA & Co.,
Chartered Accountants
Firm Reg. No. 000511S





N.SRI KRISHNA
Partner
Membership No: 26575

Place: Hyderabad
Date: 25th April, 2017

For and on behalf of the Board of Directors



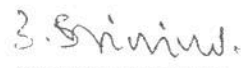
B.V.N.Rao
Director
DIN: 00051167



K.V.Rao
Director
DIN: 00012584



G.V. Suresh Kumar
Company Secretary



Srinivasa Rao Suru
CFO

Place: Hyderabad
Date: 25th April, 2017



KAKINADA SEZ LIMITED
Consolidated statement of Cash Flow for the year ended 31-March-2017

Particulars	Amt in Rs.	
	31-March-2017 Ind AS	31-March-2016 Ind AS
Operating Activities		
Profit Before Tax from continuing operations	(57,190,103)	(14,053,374)
Profit/(Loss) Before Tax from discontinued operations		
Profit Before Tax	(57,190,103)	(14,053,374)
Adjustments to reconcile profit before tax to net cash flows:		
Working capital adjustments:		
Movements in Provision, gratuity and govt. grants	(33,436,050)	39,651,596
Increase in trade and other receivables and prepayments	128,112,628	(214,539,455)
Decrease in Inventories	-	-
Increase in trade and other payables	(214,095,810)	1,657,592,503
Income Tax paid	(119,419,231)	1,482,704,644
	27,932	-
Net cash flows from operating activities	(119,391,299)	1,482,704,644
Investing activities		
Proceeds from sale of Property, plant and equipment		
Purchase of Property, plant and equipment	(24,816,013)	(1,246,664)
Increase in Investments	(100,000)	
Purchase of investment Properties	(173,347,427)	(3,086,497,235)
Interest received (finance income)		
Net cash flows from Investing activities	(198,263,441)	(3,087,743,899)
Financing Activities		
Interest Paid	(1,322,357,803)	(1,008,151,658)
Proceeds from borrowings	2,251,051,891	8,770,968,841
Repayment of Borrowings	(560,115,707)	(6,139,377,986)
Net cash flows from /(used in) financing activities	368,578,381	1,623,439,196
Net Increase in cash and cash equivalents	(6,266,461)	4,346,567
Cash and cash equivalents at beginning of the year	9,775,222	5,428,655
Cash and cash equivalents at year end	3,508,760	9,775,222
	3,508,760	9,775,222

As per our report of even date

For M/s. BRAHMAYYA & Co.,
Chartered Accountants
Firm Reg. No. 000511S





N.SRI KRISHNA
Partner
Membership No: 26575

Place: Hyderabad
Date: 25th April, 2017

For and on behalf of the Board of Directors



B.V.N.Rao
Director
DIN: 00051167



K.V.Rao
Director
DIN: 00012584



G.V. Suresh Kumar
Company Secretary



Srinivasa Rao Suru
CFO

Place: Hyderabad
Date: 25th April, 2017



Kakinada SEZ Limited

Note.1 : Significant Accounting Policies

A Corporate information	
	<p>Kakinada SEZ Ltd ('KSEZ' or 'the Company') is a public limited Company domiciled in India. It is a subsidiary to GMR Infrastructure Ltd whose stocks are listed on two stock exchanges in India. The Company is developing a special economic zone (SEZ) near Kakinada in East Godavari district of Andhra Pradesh.</p> <p>Information on other related party relationships of the Company is provided in Note 39.</p> <p>The financial statements were approved for issue in accordance with a resolution of the directors on 25th April, 2017.</p>
B 1 Basis of preparation	
1.1	<p>The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.</p> <p>For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 2 for information on how the Company adopted Ind AS.</p> <p>The stand-alone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:</p> <ul style="list-style-type: none"> ► Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), <p>The stand-alone financial statements are presented in INR and all values are rounded to the nearest Rupee, except when otherwise indicated.</p>
2 Fixed Assets	
2.1.1	On transition to Ind AS, the Company elected the option to recognise previous GAAP (Indian GAAP) carrying value as the deemed cost at the transition date, viz., 1 April 2015.
2.1.2	<p>Fixed Assets are stated at acquisition cost less accumulated depreciation and cumulative impairment. Such cost includes the expenditure that is directly attributable to the acquisition of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.</p> <p>Recognition: The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably.</p>
2.1.3	When significant parts of plant and equipment are required to be replaced at intervals, Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.
2.1.4	The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to note 40 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.
2.1.5	<p>Exchange differences arising on the settlement of monetary items or on reporting's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise</p> <p>Exchange differences pertaining to long term foreign currency loans obtained or re-financed on or after 1 April 2016: The exchange differences pertaining to long term foreign currency working capital loans obtained or re-financed on or after 1 April 2016 is charged off or credited to profit & loss account under Ind AS.</p>
2.1.6	<p>Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.</p> <p>Further, When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognized.</p>
2.1.7	Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.
2.1.8	Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.



<p>2.1.9</p>	<p>Depreciation on fixed assets is provided on straight line method, up to the cost of the asset (net of residual value, in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013 which are as below:</p> <ul style="list-style-type: none"> - Plant and equipments 4-15 years - Office equipments 5 years - Furniture and fixtures & Electrical Installations 10 years - Vehicles 8-10 years - Computers & Networks 3-6 years - Factory Buildings 30 Years - Buildings Other than RCC 30 Years <p>Depreciation on additions is being provided on a pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the year is being provided up to the dates on which such assets are sold/disposed off. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.</p>
<p>2.1.10</p>	<p>Annual Review 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.</p>
<p>3 Intangible assets</p>	
<p>3.1.1</p>	<p>Intangible assets comprise technical know how and computer software . Intangible assets acquired separately are measured on Initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.</p>
<p>3.1.2</p>	<p>The useful lives of intangible assets are assessed as either finite or indefinite</p> <p>Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.</p> <p>Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.</p> <p>Computer software is being amortized over a period of 6 years on a straight line basis.</p> <p>The above periods also represent the management estimated economic useful life of the respective intangible assets.</p>
<p>4 Lease</p>	
<p>4.1.1</p>	<p>Finance Leases: Where the Company is the lessee Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.- Lease management fees, legal charges and other initial direct costs of lease are capitalized.d on an accrual basis as per the terms of agreements entered into with lessees. A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.</p>
<p>4.1.2</p>	<p>Operating Leases: Where the Company is the lessee Lease rentals are recognized as an expenses on a straight line basis with reference to lease terms and other considerations except where-</p> <ul style="list-style-type: none"> (i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease.; or (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases



5	Impairment
5.1.1	The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cashgenerating units' (CGUs) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
5.1.2	The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.
5.1.3	Impairment losses of continuing operations are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.
5.1.4	After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
5.1.5	An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.
6	Foreign Currency
	The Company's financial statements are presented in INR, which is also it's functional currency.
6.1.1	Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions between the functional currency and the foreign currency.
6.1.2	Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arising on account of realisation / settlement of foreign currency transactions and on translation of foreign currency assets and liabilities are recognized in the Statement of Profit and Loss. Exchange differences arising on the settlement of monetary items or on reporting's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. Non- monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).
6.1.3	Any gains or losses arising due to differences in exchange rates at the time of translation or settlement are accounted for in the Statement of Profit & Loss either under the head foreign exchange fluctuation or interest cost, as the case may be.
7	Inventories
7.1.1	Stores and spares are valued at lower of cost and net realizable value. Cost of stores and spares is determined on a weighted average basis.
8	Contingent Liabilities and Provisions
8.1	Contingent Liabilities
8.1.1	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 financial statements. Contingent assets are only only disclosed when it is probable that the economic benefits will flow to the entity.



8.2	Provisions
8.2.1	<p>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.</p> <p>When the Company expects some or all of a provision to be reimbursed, 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.</p> <p>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.</p>
9	Revenue
9.1.1	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.
9.1.2	<p>Income from Lease of Property: Lease agreement that transfer substantially all of the benefits and risks of ownership of property from the Company are classified as finance leases. Leases that do not transfer substantially all of the benefits and risks of ownership of property, plant and equipment are classified as operating leases. For those leases determined to be as finance leases with the Company as the lessor, finance income is recognized in a manner that produces a constant rate of return on the net investment in the lease. The net investment is composed of minimum lease payments and unearned finance income. Unearned finance income is the difference between the total minimum lease payments and the carrying amount of the leased property, plant and equipment. Unearned finance income is deferred and recognized into net income over the lease term. Payments received under leases classified as finance leases are segmented into those for the lease and those for other elements on the basis of their relative fair value.</p> <p>For those leases determined to be operating leases with the Company as the lessor, revenue is recognized on a straight-line basis unless another method better represents the earnings flow.</p>
9.1.3	Other interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
10	Borrowing Costs
10.1.1	Borrowing Cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. 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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.
11	Taxes on income
11.1	Current income tax
	Tax expense comprises current and deferred tax.
11.1.1	<p>Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961</p> <p>Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.</p> <p>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.</p>
11.2	Deferred tax
11.2.1	<p>Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.</p> <p>Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.</p>
11.2.2	Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised.



11.2.3	<p>The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.</p> <p>Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.</p>
11.2.4	Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).
11.2.5	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.
12	Retirement and other Employee Benefits
12.1.1	Short term employee benefits and defined contribution plans.
	All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.
	Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the 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.
12.1.2	Accumulated leave, which is expected to be utilized within the next 12 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. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.
12.1.3	Gratuity
	Gratuity is a defined benefit scheme. The cost of providing benefits under the scheme is determined on the basis of actuarial valuation under projected unit credit (PUC) method. The company recognizes termination benefit as a liability and an expense when the company has a present obligation as a result of 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. If the termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.
12.1.4	<p>Remeasurements</p> <p>Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.</p> <p>Past service costs are recognised in profit or loss on the earlier of:</p> <ul style="list-style-type: none"> ▶ The date of the plan amendment or curtailment, and ▶ The date that the Group recognises related restructuring costs <p>Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.</p>
13	Current versus non-current classification
13.1.1	<p>Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Schedule III notified under the Companies Act, 2013.</p> <p>An asset has been classified as current if</p> <ul style="list-style-type: none"> (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.



13.1.2	A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.
13.1.3	An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.
14	Financial Instruments
	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
14.1	Financial assets
14.1.1	Initial recognition and measurement
	All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
14.1.2	Subsequent measurement
	For purposes of subsequent measurement, financial assets are only classified as Debt instruments at amortised cost Debt instruments at amortised cost A 'debt instrument' is measured at the amortised cost if both the following conditions are met: a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.
14.1.3	Derecognition A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when: ▶ The rights to receive cash flows from the asset have expired, or ▶ The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.
14.1.4	Impairment of financial assets
14.1.5	In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure: a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance b) Financial guarantee contracts which are not measured as at FVTPL



14.1.6	<p>The company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables that do not contain a significant financing component.</p> <p>The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.</p> <p>For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.</p> <p>Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.</p>
14.1.7	<p>ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:</p> <ul style="list-style-type: none"> ▶ All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument ▶ Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms
14.1.8	<p>ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:</p> <ul style="list-style-type: none"> ▶ Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
15.1	Financial liabilities
15.1.1	Initial recognition and measurement
	<p>Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.</p> <p>All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.</p> <p>The Company's financial liabilities include trade and other payables, loans and borrowings etc.</p>
15.1.2	Subsequent measurement
	<p>Loans and borrowings</p> <p>After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.</p> <p>Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.</p> <p>This category generally applies to borrowings and security deposits received.</p>
	<p>Derecognition</p> <p>A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.</p>
16	Cash and cash equivalents
16.1.1	Cash and cash equivalents in the cash flow statement comprises cash at bank and in hand and short term investments with an original maturity periods of three months or less.
17	Earning per share
17.1.1	<p>Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.</p> <p>For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.</p>



These financial statements, for the year ended 31 March 2017, are the first, the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2015, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1 April 2015, the company's date of transition to Ind AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016 and 31 March 2017.

1 Exemptions applied:-

1.1 Mandatory exemptions:

Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- ▶ Impairment of financial assets based on expected credit loss model

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS, as of 31 March 2016.

Derecognition of financial assets and financial liabilities

The company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Classification and measurement of financial assets

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

1.2 Optional exemptions:

Deemed cost-Previous GAAP carrying amount: (PPE)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE as recognised in its Indian GAAP financial as deemed cost at the transition date after making necessary adjustments for de-commissioning liabilities.

Deemed cost-Previous GAAP carrying amount: (Investment property) (Ind AS 101.D7AA)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value of land which has been classified under PPE in its Indian GAAP financial as deemed cost for investment property at the transition date

Fair value measurement of financial assets or financial liabilities (Ind AS 101.D20)

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.



2 Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and total comprehensive income for the year ended 31 March 2016:

2.1.1 Security deposit

Under the previous GAAP, interest free security deposit received from customer (that are refundable in cash on completion of its term) are recorded at their transaction value. Accordingly, the company has fair valued these security deposit under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as deferred revenue. Consequent to this change, the amount of security deposit received from customer decreased by INR 0.38 crore. The deferred revenue is increased by INR 0.34 crore. The profit for the year and total equity as at March 31, 2016 increased by INR 0.01 crore due to amortisation of the deferred income of 0.02 crore which is partially off-set by the notional interest expenses recognised on security deposit received from customer of INR 0.01 crore.

2.1.2 Recognition of Investment property

The company has certain acres of land which has been kept for earning rental income. The same has been classified as investment property. Under previous GAAP, it was classified under capital work in progress. Under Ind AS, investment property are required to be separately presented on the face of balance sheet. There is no impact of total equity or profit as a result of this adjustment.

2.1.3 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in statement of profit or loss over the tenure of the borrowings as part of the interest expense by applying the effective interest method.

Under the previous GAAP, these transactions cost were charged to profit or loss as and when incurred. Accordingly, borrowings as at March 31, 2016 have been reduced by INR 0.76 crore (1st April, 2015; INR 1.88 crore with a corresponding adjustment to retained earnings. The total equity decreased by an equivalent amount as at transition date. The profit for the year ended March 31, 2016 reduced by INR 1.12 crore as a result of the additional interest expense.

2.1.4 Remeasurements of post employment benefit plans

Under Ind AS, remeasurements i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 is decreased by INR 0.14 crores. There is no impact on the total equity as at March 31, 2016.

2.1.5 Related party loan

The company has taken loan from GMR SEZ & Port Holdings Private Limited which are at lower than market rate of interest. Under previous GAAP, these amount were recorded at transaction value. Under Ind AS, these loan has been fair valued and the difference between carrying value and fair value has been considered as equity investment. Accordingly, related party loan have been reduced by INR 0.18 crore as at transition date with a corresponding adjustment to retained earning and equity component of related party loan. The equity as at transition date is reduced by INR 0.07 crore. The profit for the year ended March 31, 2016 reduced by INR 0.16 crore.

2.1.6 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows



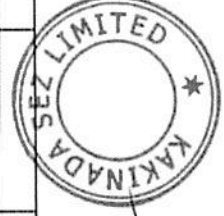
KAKINADA SEZ LIMITED

Notes to the financial statements as at March 31, 2017

Note.3

Property, Plant and Equipment (as at 31-March-2016)

Particulars	Land	Buildings	Office Equipment	Electrical Equipments	Computers	Furniture & Fixtures	Vehicles	Total
Year Ended March 31, 2016								
Gross Block (at cost)								
as at April 1, 2015	-	2,708,359	7,819,698	-	6,663,557	2,388,488	835,361	20,415,464
Additions	-	462,743	664,706	-	67,725	51,490	-	1,246,664
Disposals	-	-	-	-	-	-	-	-
as at March 31, 2016	-	3,171,102	8,484,404	-	6,731,282	2,439,978	835,361	21,662,128
Depreciation								
as at April 1, 2015	-	1,286,128	2,054,488	-	2,586,076	1,782,629	271,057	7,980,378
Charge for the year	-	980,301	1,843,243	-	1,830,094	101,809	108,825	4,864,273
Disposals	-	-	-	-	-	-	-	-
as at March 31, 2016	-	2,266,430	3,897,731	-	4,416,171	1,884,438	379,882	12,844,651
Net Block as at March 31, 2016	-	904,672	4,586,674	-	2,315,112	555,540	455,479	8,817,477
Year Ended March 31, 2017								
Gross Block (at cost)								
as at April 1, 2016	-	3,171,102	8,484,404	-	6,731,282	2,439,978	835,361	21,662,128
Additions*	-	-	4,007,226	20,398,120	238,378	172,289	-	24,816,013
Disposals	-	-	34,303	-	12,500	-	-	46,803
as at March 31, 2017	-	3,171,102	12,457,327	20,398,120	6,957,160	2,612,268	835,361	46,431,338
Depreciation								
as at April 1, 2016	-	2,266,430	3,897,731	-	4,416,171	1,884,438	379,882	12,844,651
Charge for the year	-	772,732	1,777,309	2,039,812	1,544,957	134,721	106,567	6,376,098
Disposals	-	-	34,303	-	12,500	-	-	46,803
as at March 31, 2017	-	3,039,162	5,640,737	2,039,812	5,948,627	2,019,159	486,449	19,173,946
Net Block as at March 31, 2017	-	131,940	6,816,591	18,358,308	1,008,533	593,108	348,912	27,257,392



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Note.4**Investment Property (as at 31-March-2017)**

Particulars	Land	Buildings	Total
Year Ended March 31, 2016			
Gross Block (at cost)			
as at April 1, 2015	-	-	-
Additions	-	-	-
Disposals	-	-	-
as at March 31,2016	-	-	-
Depreciation			
as at April 1, 2015	-	-	-
Charge for the year	-	-	-
Disposals	-	-	-
as at March 31,2016	-	-	-
Net Block as at March 31, 2016	-	-	-
Year Ended March 31, 2017			
Gross Block (at cost)			
as at April 1, 2016	-	-	-
Additions*	10,563,577	128,653,904	139,217,481
Disposals	-	-	-
as at March 31,2017	10,563,577	128,653,904	139,217,481
Depreciation			
as at April 1, 2016	-	-	-
Charge for the year	-	4,288,463	4,288,463
Disposals	-	-	-
as at March 31,2017	-	4,288,463	4,288,463
Net Block as at March 31, 2017	10,563,577	124,365,441	134,929,018



KAKINADA SEZ LIMITED

Notes to the financial statements as at March 31,2017

Note.5

Details of Investment Property in progress as at March 31,2017

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016	Ind AS as at April 1, 2015
Land and Land Related Expenses	5,905,379,196	5,935,213,307	3,347,289,609
Rehabilitation Expenses	685,959,394	668,417,728	658,800,429
Interest & Finance Charges	10,107,227,536	8,249,773,836	6,543,506,379
Rates & Taxes	9,801,045	9,631,449	9,662,576
Consultancy Charges	551,182,315	500,405,965	450,956,685
Rural BPO	-	7,472,395	-
Pals Plush Main Building	-	109,416,994	-
Pals Plush Training Center	-	15,181,076	-
Infrastructure Development-Levelling , Road etc	163,978,793	162,404,037	-
Overhead Cost	938,641,442	801,901,240	651,869,897
Total	18,362,169,720	16,459,818,027	11,662,085,575

(a) First pari passu charge has been created on land for the term loan availed by GMR Energy Limited from LIC of India to the extent of Rs.700 Crores.

(b) First pari passu charge has been created on land for the term loan availed by the Company from ICICI to the extent of Rs.250 Crores.

(c) First pari passu charge has been created on land for the term loan availed by the Company from IFCI to the extent of Rs.150 Crores.

(d) 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.

(e) 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.

f) The Company's investment properties consist of Lands as on 31-Mar-2017 is 8239.06 Ac (as on 31-Mar-2016 is 8238.50 acres) located in villages of Ponnada, Ramanakkapeta, Komargiri, Kotha Mulapeta of Upaada Kothapalli Mandal and villages Kodhada, K Perumallapuram, AV Nagaram of Thondangi Mandal near Kakinada, East Godawari District, Andhpradesh. As at 31 March 2017 and 31 March 2016, the fair values of the properties are INR 3299 Cr and INR 2887 Cr respectively. These valuations are based on valuations performed independent valuer firm. M/s M.Chandra Prakash & Associates is specialist in valuing these types of investment properties.

Method adopted to estimate the value (Basis of Valuation):

Checking records of land holdings & cost as per records . For assessing the value of the land various factors were taken in to consideration such as the location, nature of title, area of the land, permissible use of such land, development made, present transfer price & market price



Note: 6**Other Intangible assets**

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016	Ind AS as at April 1, 2015
Gross Block (at cost)			
Opening Balance	620,244	620,244	620,244
Additions	-	-	-
Disposals	-	-	-
Closing Balance	620,244	620,244	620,244
Depreciation			
Opening Balance	138,551	35,064	35,064
Charge for the year	103,487	103,487	-
Disposals	-	-	-
Closing Balance	242,038	138,551	35,064
Net Block			
Closing Balance	378,206	481,693	585,180



KAKINADA SEZ LIMITED

Notes to the financial statements as at March 31,2017

Note.7

Investments

Amt in Rs.

Particulars	Ind AS	Ind AS	Ind AS
	as at March 31,2017	as at March 31,2016	as at April 1, 2015
Non-Current balance			
Investments at Cost			
Unquoted Equity Instruments - Subsidiaries			
10000 equity shares of Rs.10/- each in Kakinada Gateway Port Ltd	100,000	-	-
	100,000	-	-
Current balance			
Investments in Mutual Funds	-	-	-
	-	-	-
Total	100,000	-	-

Note.8

Loans

Amt in Rs.

Particulars	Ind AS	Ind AS	Ind AS
	as at March 31,2017	as at March 31,2016	as at April 1, 2015
Current Balance of Loans			
Loans to Employees	28,000	-	775,448
Total Current Balance of Loans	28,000	-	775,448
Total Loans	28,000	-	775,448

Note.9

Other Financial Assets

Amt in Rs.

Particulars	Ind AS	Ind AS	Ind AS
	as at March 31,2017	as at March 31,2016	as at April 1, 2015
Non-current balance of Other Financial Assets			
Security Deposits – Unsecured considered good	7,268,050	6,220,750	5,856,895
Other Bank deposits-Restricted - refer Note (a)	67,152,349	218,047,712	163,019,795
Unbilled rent	2,670,650	3,022,822	-
Total non-current balances of Other Financial Assets	77,091,049	227,291,284	168,876,690
Current Balances of Other financial assets			
Non Trade Receivable	8,126	299,705	13,555
Unbilled rent	352,173	352,173	-
Interest accrued on fixed deposits	135,711	144,765	31,635
Total current balances of Other Financial Assets	496,010	796,643	45,190
Total Other Financial Assets	77,587,058	228,087,926	168,921,880

a. A charge has been created over the deposits of Rs.5.65 Crore (March 31, 2016: Rs. 5.65 Crore) towards DSRA maintained by the Company for loans availed by the Company from banks and financial institutions.

Note.10

Other Assets

Amt in Rs.

Particulars	Ind AS	Ind AS	Ind AS
	as at March 31,2017	as at March 31,2016	as at April 1, 2015
Non-current balance			



Capital advances (Unsecured, considered good)			
To related parties	500,000,000	500,000,000	1,229,000,000
To others	951,907,277	945,251,569	62,984,222
	1,451,907,277	1,445,251,569	1,291,984,222
Others			
Balance with Statutory /Government authorities	83,538,404	70,704,832	61,105,045
Income Tax paid under protest (Refer Note (a) below)	50,010,916	50,010,916	47,295,236
Preliminary expenses not written off	76,340	76,340	76,340
	133,625,660	120,792,088	108,476,621
Total non-current Other Assets	1,585,532,937	1,566,043,657	1,400,460,843
Current balance			
Advances recoverable in cash or kind			
Unsecured considered good	3,164,057	3,055,015	10,886,874
Total other current assets	3,164,057	3,055,015	10,886,874
Total Other Assets	1,588,696,994	1,569,098,671	1,411,347,716

(a) The Company has paid Income Tax under Protest of Rs. 5.00 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.5.00 Crores consists of Rs.4.81 Crores for regular tax assessments and Rs. 0.19 Crores for penalty . The appeal is admitted by the Hon'ble High Court and the hearings are in progress.

Note.11

Current Income Tax

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016	Ind AS as at April 1, 2015
TDS Receivable	4,964,953	2,228,558	3,866,091
Advance Income tax and fringe benefit tax (net of provision)	-	27,932	27,932
Total	4,964,953	2,256,490	3,894,023

Note.12

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016	Ind AS as at April 1, 2015
Trade Receivables			
Receivables	60,956	35,434	-
Less: Allowance for Doubtful Debts	-	-	-
Total	60,956	35,434	-
Current Portion	60,956	35,434	-
Non Current Portion	-	-	-

Note.13

Cash and Cash Equivalents

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016	Ind AS as at April 1, 2015
Cash on hand	41,529	69,071	520,413
Balances with banks - in current accounts	3,445,497	9,686,151	4,908,242
Bank Deposits	21,734	20,000	-
Total	3,508,760	9,775,222	5,428,655



Share Capital

Particulars	Ind AS	Ind AS	Ind AS	Ind AS	Ind AS	Ind AS
	as at March 31, 2017 Number of shares	as at March 31, 2017 Rs.	as at March 31, 2016 Number of shares	as at March 31, 2016 Rs.	as at April 1, 2015 Number of shares	as at April 1, 2015 Rs.
Authorised share						
as at March 31, 2017						
- Equity Shares of Rs. 10 each	200,000,000	2,000,000,000	200,000,000	2,000,000,000	200,000,000	2,000,000,000
Issued equity capital						
as at March 31, 2017						
- Equity Shares of Rs. 10 each fully paid up	82,708,275	827,082,750	82,708,275	827,082,750	82,708,275	827,082,750
beginning of the period						
issued during the period						
end of the period	82,708,275	827,082,750	82,708,275	827,082,750	82,708,275	827,082,750
- Equity Shares of Rs. 10 each - Rs.1 Paid up	112,860,411	112,860,411	112,860,411	112,860,411	112,860,411	112,860,411
beginning of the period						
issued during the period	112,860,411	112,860,411	112,860,411	112,860,411	112,860,411	112,860,411
end of the period	112,860,411	112,860,411	112,860,411	112,860,411	112,860,411	112,860,411
Total	195,568,686	939,943,161	195,568,686	939,943,161	195,568,686	939,943,161

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:

Particulars	as at March 31, 2017	as at March 31, 2017	as at March 31, 2016	as at March 31, 2016	as at April 1, 2015	as at April 1, 2015
	Number of shares	Rs.	Number of shares	Rs.	Number of shares	Rs.
4,21,81,220 (31st March '16: 4,21,81,220) Equity Shares of Rs. 10 each	42,181,220	421,812,200	42,181,220	421,812,200	42,181,220	421,812,200
5,75,58,810 (31st March '16: 5,75,58,810) Equity Shares of Re.1 each	57,558,810	57,558,810	57,558,810	57,558,810	57,558,810	57,558,810
Total		479,371,010		479,371,010		479,371,010

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

Particulars	as at March 31, 2017	as at March 31, 2017	as at March 31, 2016	as at March 31, 2016	as at April 1, 2015	as at April 1, 2015
	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding
Equity Shares - Face Value Rs. 10 each paid up Rs. 10:						
GMR SEZ & Port Holdings P Ltd., and its nominees	42,181,220	51.00%	42,181,220	51.00%	42,181,220	51.00%
Kakinada Infrastructure Holdings Private Limited	34,700,000	41.95%	34,700,000	41.95%	34,700,000	41.95%
Veda Infra-Projects (India) Private Limited	5,300,000	6.41%	5,300,000	6.41%	5,300,000	6.41%
Equity Shares - Face Value Rs. 10 each paid up Rs. 1:						
GMR SEZ & Port Holdings Private Limited	57,558,810	51.00%	57,558,810	51.00%	57,558,810	51.00%
Kakinada Infrastructure Holdings Private Limited	31,300,000	27.73%	31,300,000	27.73%	31,300,000	27.73%
Veda Infra-Projects (India) Private Limited	23,450,000	20.78%	23,450,000	20.78%	23,450,000	20.78%



Particulars	Amt in Rs.			
	Ind AS as at March 31, 2017	Ind AS as at March 31, 2016	Ind AS as at April 1, 2015	Ind AS as at April 1, 2015
Surplus in the statement of profit and loss				
Opening	(42,363,767)	(28,310,393)	(28,310,393)	
During the period	(57,190,103)	(14,053,374)	-	
Total	(99,553,869)	(42,363,767)	(28,310,393)	
Equity contribution from parents - Related party loan				
Opening	1,562,768	2,535,561	2,535,561	
During the period	-	(972,793)	-	
Total	1,562,768	1,562,768	2,535,561	
Total	(97,991,101)	(40,800,999)	(25,774,832)	

Note.16

Borrowings

Particulars	Amt in Rs.					
	Ind AS as at March 31, 2017		Ind AS as at March 31, 2016		Ind AS as at April 1, 2015	
	Non Current Balances	Current Maturities	Non Current Balances	Current Maturities	Non Current Balances	Current Maturities
Term loans						
Indian rupee term loan from banks (secured)	-	415,915,482	415,915,481	410,597,015	1,243,103,720	821,449,139
Indian rupee term loan from Fis (secured)	935,989,819	559,767,273	1,493,132,363	-	-	-
Loans from related parties						
Loan from a group company (unsecured)	12,342,818,492	1,402,912,603	11,075,531,884	477,400,000	1,913,818,235	2,410,000,000
Security deposit from vendors	1,659,379	-	1,450,121	-	-	-
Total	13,280,467,690	2,378,595,358	12,986,029,849	887,997,015	3,156,921,955	3,231,449,139

Current maturities of long term debt had been included under Other Financial Liabilities - Note No.16

(a) Secured Loan From Banks:

1. Term Loan from ICICI Bank (Secured) of Rs. 41.67 Cr (Mar 31, 2016: Rs.83.33 Cr) is secured by pari passu first charge on the immovable Properties i.e. Land and first ranking exclusive charge over Debt Service Reserve Account maintained with ICICI Bank. Further, secured by an irrevocable and unconditional guarantee given by GMR Infrastructure Ltd. The loan is repayable in 12 equal quarterly installments starting from 27th October 2014 (The end of 27 months from the 1st drawdown date) and carries an interest rate of 9.25% p.a. plus spread of 5.50% p.a. i.e. effective rate of 14.75% p.a. payable monthly. Two Quarterly installments are falling due for repayment within the next twelve months, hence an amount of Rs. 41.67 Cr is categorized as current maturities of borrowings under Note.13

2. Term Loan from IFCI Limited (Secured) of Rs. 150Cr (Mar 31, 2016: Rs.150Cr) is secured by pari passu first charge on Land to the extent of 8,236.50 Acres along with escrow of receivables from land leasing of 916 Acres under Phase-I and lien on FD of Rs. 5.65 Cr with State Bank of India towards service of principle and interest obligation falling due in next 3 months. Further, secured by an irrevocable and unconditional guarantee given by GMR Infrastructure Ltd. The loan is repayable in 8 equal quarterly installments starting from 22nd 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. Three Quarterly installments are falling due for repayment within the next twelve months, hence an amount of Rs.56.25 Cr is categorized as current maturities of borrowings under Note.13

(b) Unsecured Loans from Related Parties:

(i) Inter corporate Loans of Rs.37.53 Crs (31Mar'16: Rs.69.50Cr) from GMR Infrastructure Ltd at an interest rate of 14.75% payable on Qtrly basis, repayable in FY 19 & FY 20 is categorized as non-current portion of borrowings under Note.13.

(ii) Inter corporate Loans of Rs.0 (31Mar'16: Rs.254.00Cr) from GMR Infrastructure Ltd at an interest rate of 14% payable on Qtrly basis, repaid during the period

(iii) Inter corporate Loans of Rs. 1303.75 Crs (31Mar'16: 821.86Cr) from GMR Infrastructure Ltd at an interest rate of 12.25% payable on Qtrly basis, repayable at the end of the 3rd Year (repayment starting from Oct' 2017), of which Rs. 140.29 Crs is falling due for repayment within the next twelve months hence it is categorized as current maturities of borrowings under Note.13

(iv) Inter corporate Loans of Rs. 0 (31 Mar'16: Rs. 4.93Cr) from Padmapriya Properties Pvt Ltd at an interest rate of 12.25% p.a., payable on qtrly basis, repayable in 3 years (i.e. repayment starting from Mar' 2019) and categorized as non-current maturities of borrowings under Note.13

(v) Inter corporate Loans of Rs. 14.00 Crs (31 Mar'16: Rs. 5.00 Cr) from GMR Highways Limited at an interest rate of 12.25% p.a., payable on qtrly basis, repayable in 3 years (i.e. repayment starting from Mar' 2019) and categorized as non-current maturities of borrowings under Note.13

vi) Inter corporate Loan of Rs. 4.29 Crs (31 Mar'16: Rs. 0) from Kakinada Refinery and Petrochemicals Private Limited at an interest rate of 12.25% p.a., payable on qtrly basis, repayable end of 3rd year (repayment starting from Oct' 2019) and categorized as non-current maturities of borrowings under Note.13

vii) Inter corporate Loan of Rs. 15.00 Crs (31 Mar'16: Rs. 0) from GMR Hosur Energy Limited at an interest rate of 12.25% p.a., payable on qtrly basis, repayable end of 3rd year (repayment starting from Sep' 2019) and categorized as non-current maturities of borrowings under Note.13



Note.17**Employee Benefit Obligations**

Amt in Rs.

Particulars	Ind AS	Ind AS	Ind AS
	as at March 31,2017	as at March 31,2016	as at April 1, 2015
Non-current Provisions			
Provision for employee benefits			
Provision for gratuity	1,434,415	2,806,129	3,063,990
Provision for leave benefits	10,356,027	10,988,506	8,635,358
Total non-current provisions	11,790,442	13,794,635	11,699,348
Current Provisions			
Provision for employee benefits			
Provision for leave benefits	518,065	800,516	1,020,141
Provision for other employee benefits	9,054,639	7,965,357	665,235
Total current provisions	9,572,704	8,765,873	1,685,376
Total provisions	21,363,146	22,560,508	13,384,724

Note.18**Borrowings (Current)**

Amt in Rs.

Particulars	Ind AS	Ind AS	Ind AS
	as at March 31,2017	as at March 31,2016	as at April 1, 2015
Loan against third party fixed deposits repayable on demand from Banks (Unsecured)	-	94,100,000	2,628,024,915
demand from Financial Institution - M/s SICOM Limited (Unsecured)	-	-	2,320,140,000
Total	-	94,100,000	4,948,164,915

Loan against third party fixed deposits repayable on demand from Banks of Rs. NIL (Mar 31, 2016: Rs.9.41Cr) are secured by fixed deposits of Rs. 0 (Mar 31st 2016: Rs. 9.60 Cr Fixed Deposits of Padma Priya Properties Pvt Ltd). The rate of interest for these arrangements with different banks is FD rate plus 1% p.a or their Base rate, whichever is higher.

Note.19**Other Financial Liabilities**

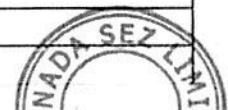
Amt in Rs.

Particulars	Ind AS	Ind AS	Ind AS
	as at March 31,2017	as at March 31,2016	as at April 1, 2015
Other financial liabilities at amortised cost			
Current maturities of long-term borrowings	2,378,595,358	887,997,015	3,231,449,139
Interest accrued but not due on borrowings	9,774,543	10,434,247	973,470
Interest accrued and due on borrowings	1,603,698,562	1,067,942,963	379,287,940
Security deposit from vendors	12,862,140	2,542,457	151,321
Non trade payable	2,038,797,414	2,263,627,426	617,904,406
Total	6,043,728,017	4,232,544,108	4,229,766,276

Note.20**Other Liabilities**

Amt in Rs.

Particulars	Ind AS	Ind AS	Ind AS
	as at March 31,2017	as at March 31,2016	as at April 1, 2015
Non-Current balance			
Defferred revenue	2,978,331	3,370,642	-
	2,978,331	3,370,642	
Current balance			



Deffered revenue	392,310	392,310	-
TDS Payable	4,805,914	37,795,299	2,327,834
Other Payables	3,993,591	2,436,063	739,529
	9,191,816	40,623,672	3,067,363
Total	12,170,147	43,994,314	3,067,363

Note.21

Revenue from operations

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016
Operating Income		
Income from Lease	21,120,081	-
Total	21,120,081	-

Note.22

Revenue from Other Income

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016
Other Income		
Income from sale of Mutual Funds	1,650,935	-
Unwinding of interest on Security Deposits	183,053	-
Total	1,833,988	-

Note.23

Employee Benefit expenses

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016
Salaries, wages and bonus	21,247,049	-
Contribution to provident and other funds	1,522,916	-
Gratuity expenses	338,602	-
Staff welfare expenses	237,782	-
Total	23,346,350	-

Note.24

Depreciation

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016
Depreciation		
On Buildings	4,288,464	-
On Office Equipment	625,968	-
On Electrical Equipments	2,039,812	-
	-	-
	6,954,244	-

Note.25

Other Expenses

Amt in Rs.

Particulars	Ind AS as at March 31,2017	Ind AS as at March 31,2016
Expenses		



Statutory Auditor's Remuneration		
Auditors fees	251,250	250,000
Reimbursement-Expenses-Statutory Auditor - Fares	53,092	141,254
Tax-Fringe Benefit Tax	27,932	1,134,587
Business Promotion Expenses	3,691,669	2,539,594
Book & Periodicals	87,199	33,444
Advertisement Expenses	612,475	1,177,100
Membership Fee	135,087	116,825
Seminars & Conference	605,398	184,806
ROC Expenses	14,225	17,625
Pooja Expenses	130,860	97,957
	361,800	495,900
Rates & Taxes & other exp.	2,619,283	423,229
Board Meeting - Other Exps	20,100	2,480
Community services	10,550,818	7,469,595
Travel Expenses	4,727,355	-
Communication	108,405	-
Consultancy	376,875	-
Office Maintenance	287,999	-
Printing and Stationery	87,828	-
Total	24,749,649	14,084,396

Note.26

Finane Cost

Amt in Rs.

Particulars	Ind AS	Ind AS
	as at March 31,2017	as at March 31,2016
Finane Cost		
Interest & Finance Charges	25,246,083	-
	-	-
	25,246,083	-

As per our report of even date

For and on behalf of the Board of Directors

For M/s. BRAHMAYYA & Co.,

Chartered Accountants

Firm Reg. No. 000511S



N.SRI KRISHNA
Partner

Membership No: 26575




B.V.N.Rao
Director
DIN: 00051167



K.V.Rao
Director
DIN: 00012584



G.V. Suresh Kumar
Company Secretary



Srinivasa Rao Suru
CFO

Place: Hyderabad

Date: 25th April, 2017

Place: Hyderabad

Date: 25th April, 2017



27 Commitments and Contingencies

I. LeasesOperating lease: Company as lessee

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

Amt in Rs.

Lease rental charged to CWIP	31-Mar-17	31-Mar-16
Lease rentals under cancellable leases and non-cancellable leases	12,348,954	10,559,697

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

	31 March, 2017	31 March, 2016
Within one year	2,500,000	2,500,000
After one year but not more than five years	10,000,000	10,000,000
More than five years	-	-
Total	12,500,000	12,500,000

II. Contingent Liabilities

Claims made against the company not acknowledged as debts

Amt in Rs.

	31-Mar-17	31-Mar-16
Income Tax Demand from the Department under the Income Tax Act,	80,058,322	80,057,000
	80,058,322	80,057,000

III. Commitments

Amt in Rs.

	31 March, 2017	31 March, 2016
a. Estimated amount of Contracts remaining to be executed on Capital	133,347,113	57,100,000

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

29 Sundry Creditors includes Rs NIL (Previous Year Rs. NIL) pertaining to Small Scale Industrial Undertakings (SSI) to the extent such parties have been identified from the available information/documents. There are no SSI units to whom the company owes a sum exceeding Rs 1.00 Lakhs and outstanding for more than 30 days (but not over due) as at 31st March 2016.

There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st march 2016. 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.

30 The Company is in the process of acquiring land for implementing a Multi Product Special Economic Zone within the meaning of Special Economic Zone Act 2005. The Company has obtained an initial Notification from the Ministry of Commerce, Government of India vide Notification No. 635(E) dated 23rd April 2007 for an extent of 1035.6688 hectares, the formal approval for the same is initially given for 3 years from June 2006. The said formal approval is extended till August 2016. The company has obtained further notification from Government of India vide Notification No. 342(E) dated 6th February'2013 for an extent of 1013.64 hectares and the formal approval has been given initially for 3 years from February 2012, which on application by the company has been extended further upto February 2016. The company's proposal for merger of both approvals is approved by Ministry of Commerce in Dec' 2015 and extension of formal approval is no longer required. The company upon completion of acquisition of the desired land will apply for an appropriate Notification, pending the same the entire land that is acquired till date by the company is treated as land acquired for the purpose of implementation of Special Economic Zone awaiting notification.



- 31 Land acquisition for SEZ Project comprises direct purchases, Land acquired from APIIC, and Land awarded by Government of Andhra Pradesh (GOAP) through notification. The Land acquired through awards by GOAP includes, payment towards structures, standing crops, solatium and interest from the date of notification till the date of award. All the above costs are treated as part of land acquisition cost.
- 32 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.
- 33 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. 68,59,59,394/- (31st March 2016: Rs.66,84,17,728/-) is treated as part of land acquisition cost and is grouped along with capital work-in-progress. The company had estimated that additional cost of Rs.41.03 Crores is likely to be incurred towards rehabilitation and resettlement as required under AS 29 , no provision has been made in this regard, as the negotiations with the beneficiaries towards obtaining possession of land necessitating the rehabilitation is still going on and once the potential obligation is materialized, the same will be provided for.
- 34 During this period the company incurred a sum of Rs.190.23 Cr (Previous Year Rs. 479.77 Cr) towards expenditure incurred 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.
- 35 The expenditure during the previous year in respect of the project includes Rs.314,89,04,000/- towards non-prejudicial additional compensation for Land owners and farmers announced by special officer for land acquisition to hasten the proposed project activities, this is in addition to the statutory compensation already paid. An amount of Rs. 122,44,34,409/- has been paid by the company in this regard. For the remaining amount of Rs. 192,44,69,591/- provision is shown in non - trade payables (Note 8 - Other Current Liabilities to financials).

36 **Disclosure On Specified Bank Notes (SBNs):**

During the year the company had specified bank notes or other denomination note as defined in the MCA notification G.S.R.308(E)

Particulars	SBN's*	Other denomination	Total
Closing Balance as on 8th November 2016	-	-	-
(+) Permitted Receipts	-	-	-
(+) Withdrawal from bank	-	975,000	975,000
(-) Permitted Payments	-	(869,951)	(869,951)
(-) Permitted Deposits in the bank	-	-	-
Closing Balance as on 30th December 2016	-	105,049	105,049

* For the purposes of this clause, the term SBNs shall have the same meaning provided under notification of the Government of India, in

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

Particulars	31-Mar-17	31-Mar-16
Profit/(Loss) attributable to equity holders	(57,342,257)	(14,084,396)
Weighted Average number of equity shares used for computing Earning Per Share (Basic)	93,994,316	93,994,316
Earning Per Share (Basic) (Rs)	(0.61)	(0.15)
Face value per share (Rs)	10	10



38 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-Mar-17	31-Mar-16
Gratuity Plan:		
Defined benefit obligation (DBO)	(6,667,074)	(7,502,249)
Fair value of plan assets (FVA)	5,232,659	4,696,120
Net defined benefit asset/(liability)	(1,434,415)	(2,806,129)

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, 2017

Particulars	2016-17	2015-16
Current Service Cost	958,531	98,155
Net Interest Cost	216,851	204,348
	1,175,382	302,503

Amount recognised in Other Comprehensive Income for the year ended 31st March, 2017

Particulars	Gratuity	
	2016-17	2015-16
Actuarial (gain)/ loss on obligations	(35,913)	(31,022)

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2017 are as follows:

Particulars	2016-17	2015-16
Opening defined obligation	7,502,249	6,667,792
Current service cost	958,531	98,155
Interest cost on the DBO	585,175	520,088
Actuarial (gain)/ loss - experience	(359,931)	(524,448)
Actuarial (gain)/ loss - demographic assumptions	-	(142,733)
Benefits paid	-	-
Actuarial (gain)/ loss on obligations	-	-
Defined benefit obligation	8,686,024	7,502,249

Changes in the fair value of the plan assets for the year ended 31st March, 2017 are as follows:

Particulars	2016-17	2015-16
Fair value of assets at the end of the prior period	4,696,120	3,603,802
Acquisition adjustment	-	-
Interest income on plan assets	368,324	315,740
Employer contributions	51,974	888,289
Return on plan assets greater/ (lesser) than discount rate	116,241	-111,711
Benefits paid	-	-
Fair value of assets at the end of the current period	5,232,659	4,696,120



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

Particulars	Gratuity	
	31-Mar-17	31-Mar-16
Discount rate (in %)	7.10%	7.80%
Salary Escalation (in %)	6%	6%

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

Gratuity Plan

Assumptions	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	Discount rate		Future salary increases	
Sensitivity Level	7.10%	7.80%	6%	6%
	INR Lacs	INR Lacs	INR Lacs	INR Lacs

Impact on defined benefit obligation

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

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

	31-Mar-17	31-Mar-16
Within the next 12 months (next annual reporting period)	458,646	888,289

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (31 March 2016: 10 years).

- (ii) Liability towards leave encashment based on actuarial valuation amounts to Rs. 1,08,74,092/- as at March 31, 2017 (March 31, 2016: Rs. 1,17,89,022/-)



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

Disclosures in respect of related parties as defined in Accounting Standard 18, with whom transactions have taken place during the

List of Related Parties

Name of the Company	Nature of Relationship
GMR Holdings Pvt. Ltd. (GHPL)	Ultimate Holding Company
GMR SEZ and Port Holding Pvt. Ltd. (GSPHPL)	Holding Company
GMR Infrastructure Limited (GIL)	Holding Company's Holding Company
GMR Energy Limited (GEL)	Fellow Subsidiary
GMR Kakinada Energy Pvt. Ltd. (GKEPL)	Fellow Subsidiary
GMR Krishnagiri SEZ Limited (GKSEZ)	Fellow Subsidiary
GMR Hyderabad International Airport Ltd. (GHIAL)	Fellow Subsidiary
GMR Hotels and Resorts Ltd (GHRL)	Fellow Subsidiary
GMR Aviation Private Limited (GAPL)	Fellow Subsidiary
Raxa Security Services Limited (RAXA)	Fellow Subsidiary
GMR Projects Private Limited (GPPL)	Fellow Subsidiary
GMR Varalaxmi Foundation (GVF)	Group Company
GMR Airport Developers Private Limited (GADL)	Fellow Subsidiary
GMR Highways Ltd (GHL)	Fellow Subsidiary
GMR Vemagiri Power Generation Limited	Fellow Subsidiary
Kakinada Gateway Port Limited	Fellow Subsidiary
GMR Kamalanga Energy Limited (GKEL)	Fellow Subsidiary of Holding Company (GIL)
GMR Chattishgarh Energy Ltd (GCEL)	Fellow Subsidiary of Holding Company (GIL)
GMR Ulundurpet Expressways Pvt Ltd (GUEPL)	Fellow subsidiary of Holding Company (GIL)
Gmr Hyderabad Vijayawada Express Ways Pvt Ltd (GHVEPL)	Fellow Subsidiary of Holding Company (GIL)
Gmr Gujarat Solar Power Private LTD (GGSPPL)	Fellow Subsidiary of Holding Company (GIL)
GMR Family Fund Trust (GFFT)	Enterprise where key managerial personnel and their relatives
Dhruvi Securities Pvt Ltd	Fellow Subsidiary
Delhi International Airport Ltd	Fellow Subsidiary
GMR Coastal Energy Pvt Ltd	Fellow Subsidiary
Kakinada Infrastructure Holdings Pvt. Ltd. (KIHPL)	Significant Influence
Padma Priya Properties Pvt Ltd	Fellow Subsidiary

Details relating to Key Managerial Personnel

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

I. Transactions with Related Parties

Amt in Rs.

Sl. No.	Particulars	2016-17	2015-16
A)	Transactions during the year		
1	Loan from Group companies		
	- GMR Infrastructure Limited	4,491,500,000	7,163,270,240
	-GMR Highways Limited	90,000,000	50,000,000
	-Padma Priya Properties Pvt Ltd	94,606,494	49,349,041
	- Kakinada Refinery & Petrochemicals Pvt Ltd	42,934,359	-
	- Namitha Real Estates Pvt Ltd	5,000,000	-
2	Loan repaid to group companies		
	- Dhruvi Securities Pvt Ltd	-	9,000,000
	- GMR SEZ and Port Holding Pvt. Ltd	-	26,313,074
	-Padma Priya Properties Pvt Ltd	143,955,535	-
	- Namitha Real Estates Pvt Ltd	5,000,000	-
	- GMR Infrastructure Limited	2,865,000,000	-
3	Security Charges		
	-Raxa Security Services Limited	15,579,056	10,028,700
4	Interest on group company loans		
	- GMR SEZ and Port Holding Pvt. Ltd	-	2,595,442
	- Dhruvi Securities Pvt Ltd	-	1,163,836
	- GMR Infrastructure Limited	1,529,852,560	1,131,833,825



	-GMR Highways Limited	16,998,973	16,781
	-Padma Priya Properties Pvt Ltd	7,118,410	182,186
	- GMR Genco Assets Limited	6,584,795	-
	- Kakinada Refinery & Petrochemicals Pvt Ltd	2,449,611	-
	- Namitha Real Estates Pvt Ltd	203,048	-
5	Paid for employee loan balance on transfer		
	- Delhi International Airport Limited	-	600,000
6	Rent		
	- GMR Hyderabad International Airport Ltd	2,347,407	2,290,612
	- GMR Energy Limited	-	855,000
	- GMR FAMILY FUND TRUST	-	3,124,940
7	Bus Hire, Electricity & IT & Communication Charges		
	- GMR Hyderabad International Airport Ltd	1,979,808	1,938,382
8	Boarding & Lodging		
	- GMR Hotels and Resorts Ltd	60,707	276,667
9	Reimbursement of Expenses to		
	-GMR HOLDINGS PRIVATE LIMITED	2,105	2,110
	- GMR Varalaxmi Foundation	10,727,109	6,194,386
	- GMR Infrastructure Limited	28,595,967	31,037,437
	- GMR Krishnagiri SEZ Limited	334,257	163,975
	- Delhi International Airport Limited	596,420	1,741,511
	- GMR Airport Developers Private Limited	5,469,746	-
	- ANAHATA CREATIONS LLP	55,550	-
	- GMR Hyderabad International Airport Ltd	98,877	-
10	Travelling Expenses	-	-
11	Reimbursement of Expenses by		
	- GMR Energy Limited	(125,625)	(465,068)
	- GMR Vemagiri Power Generation Limited	(64,717)	-
	- Kakinda Gateway Port Limited	(7,720)	-
12	Asset Purchase from		
	- GMR Hyderabad International Airport Ltd	-	51,490
B)	Outstanding Balances at the year end		
1	Issued Capital		
	- GMR SEZ and Port Holding Pvt. Ltd	479,371,010	479,371,010
	- Kakinada Infrastructure Holdings Pvt. Ltd	-	378,300,000
2	Land Aggregation & Material Supply		
	- GMR Projects Private Limited	500,000,000	500,000,000
3	Loan from Group companies		
	-GMR Infrastructure Limited	13,412,796,736	11,453,582,843
	-GMR Highways Limited	140,000,000	50,000,000
	GMR Genco Assets Limited	150,000,000	49,349,041
	Kakinada Refinery & Petrochemicals Pvt Ltd	42,934,359	-
4	Creditors/Payable		
	-GMR Infrastructure Limited	1,581,164,038	1,161,713,339
	- GMR Hyderabad International Airport Ltd	3,318,877	-
	- GMR Krishnagiri SEZ Limited	334,257	75,165
	- Delhi International Airport Limited	1,283,089	705,707
	- Raxa Security Services Limited	1,331,051	2,804,348
	- GMR Varalaxmi Foundation	2,668,619	1,729,529
	- GMR FAMILY FUND TRUST	-	32,186
	- GMR Highways Limited	17,014,075	15,102
	- Padma Priya Properties Pvt Ltd	-	163,967
	- GMR HOLDINGS PRIVATE LIMITED	1,050	-
	- GMR AIRPORT DEVELOPERS LIMITED	3,113,242	-
	- GMR Genco Assets Limited	5,926,315	-
	- Kakinada Refinery & Petrochemicals Pvt Ltd	2,204,650	-
5	Security Deposit receivable		
	- Raxa Security Services Limited	4,200,000	4,200,000



Guarantees provided to Group Companies

Sl. No.	Counter Party Group Company	Code No.	Nature of Transaction
1	GMR Energy Limited	IC2000	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. 700 Cr
2	GMR Infrastructure Limited	IC6100	Security provided by way of Subservient charge on the land of Kakinada SEZ Ltd for the Term Loan availed by them from ICICI Bank to the extent of Rs. 1000 Cr
3	GMR Infrastructure Limited	IC6100	Security provided by way of Subservient charge on the land of Kakinada SEZ Ltd against the NCDs of GIL and Term Loan availed by GIL from ICICI Bank to the extent of Rs. 1044 Cr.

Transactions with Group Companies asorbed into CWIP

Sl. No.	Counter Party Group Company	Nature of Transaction	2016-17	2015-16
1	GMR Infrastructure Limited	Share of corporate Exp	28,595,967	31,037,437
2	GMR Infrastructure Limited	Interest on Loan	1,529,852,559	1,131,833,825
3	GMR Varalaxmi Foundation	CSW Expenses	-	6,194,386
4	GMR Family Fund Trust	Rent & Maintainance	19,154,671	3,124,940
5	GMR HOTELS & RESORTS LIMITED	SGA - Inland Travel - Other Expenses	13,027	218,210
6	GMR SEZ & Port Holdings Private Limited	Interest on Loan	-	2,595,442
7	Dhruvi Securities Pvt Ltd	Interest on Loan	-	1,163,836
8	GMR HIGHWAYS LTD	Interest on Loan	16,998,972	16,781
9	PADMAPRIYA PROPERTIES PVT Ltd.	Interest on Loan	7,118,409	182,186
10	GMR Energy Limited	Office Rent	-	855,000
11	GMR Energy Limited	SGA-Consultancy Charges - Others	-125,625	-465,068
12	Raxa Security Services Limited	Security Charges	15,579,056	10,028,700
13	GMR Hyderabad International Airport Limited	Various Expenses	4,426,093	4,228,994
14	GMR Holdings Pvt Ltd	SGA - Rates & Taxes - License and Fees	-	2,110
15	GMR AIRPORTS LIMITED	DN Towards Travel Exp of Ravi Kumar Joshifor	-	32,051
16	DELHI INTERNATIONAL AIRPORT PVT LTD	Travel Exp of Mr.Prasanna C on behalf of KSEZ	596,420	1,741,511
17	Namitha Real Estates Pvt Ltd	Interest on Loan	203,048	-
18	GMR Genco Assets Limited	Interest on Loan	6,584,795	-
19	Kakinada Refinery & Petrochemicals Pvt Ltd	Interest on Loan	2,449,611	-
20	GMR Airport Developers Limited	SGA-Salaries&Allowances-Variable Pay	5,469,746	-
	Total		1,636,916,749	1,192,790,341



40 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 INR Rs.NIL (31 March 2016: NIL, 1 April 2015: Nil) of tax losses carried forward. These losses relate a history of losses, expire in 8 years and may not be used to offset taxable income elsewhere in the company. 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 .28

(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.

For and on behalf of the Board of Directors

For M/s. BRAHMAYYA & Co.,

Chartered Accountants

Firm Reg. No. 0005115



N.SRI KRISHNA

Partner

Membership No: 26575



B.V.N.Rao

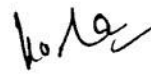
Director

DIN: 00051167



G.V. Suresh Kumar

Company Secretary



K.V.Rao

Director

DIN: 00012584



Srinivasa Rao Suru

CFO

Place: Hyderabad

Date: 25th April, 2017

Place: Hyderabad

Date: 25th April, 2017



Related Party Transaction Details
For the year ended March 31,2017

Balance Sheet

Kakinada SEZ Limited (Formerly Known as Kakinada SEZ Private Limited (KSPPL))
Code: CS600

A. Receivable / Reimbursement / Sundry Debtors / Deposits Paid / Interest Receivable

SI No	Inter Company	IC Code	Transaction Description	Main Head	Sub Head	Show In Financials Transaction CL	ICAAP Amount	Ind AS adjustment Amount	Total (ICAAP + IND AS Adjustments)	(Rs. in Units)
1	Raza Security Services Limited	IC3000	Security Deposit	Long term loans and advances	LT- loans and advances -Security deposit	1042000001	4,200,000	-	4,200,000	DTL/(DTA) on Ind AS Adjustments

B. Payable / Sundry Creditors / Deposits Received / Interest Payable

SI No	Inter Company	IC Code	Transaction Description	Main Head	Sub Head	Show In Financials Transaction CL	ICAAP Amount	Ind AS adjustment Amount	Total (ICAAP + IND AS Adjustments)	(Rs. in Units)
1	GMR Krishnagiri SEZ Limited (GKSEZ)	IC5500	Meetings & Seminars - Participation Fee	Other current liabilities	Non Trade payable	2050201016	334,257	-	334,257	DTL/(DTA) on Ind AS Adjustments
2	GMR Infrastructure Limited (GIL)	IC6100	GIL Corporate Share allocation	Other current liabilities	Non Trade payable	2050201016	52,082,985	-	52,082,985	DTL/(DTA) on Ind AS Adjustments
3	GMR Infrastructure Limited (GIL)	IC6100	Interest payable on Loan taken	Other current liabilities	Non Trade payable	1030600998	1,529,081,054	-	1,529,081,054	DTL/(DTA) on Ind AS Adjustments
4	GMR Highways Limited (GMRHL)	IC3300	Interest payable on Loan taken	Other current liabilities	Non Trade payable	1030600998	17,014,075	-	17,014,075	DTL/(DTA) on Ind AS Adjustments
5	GMR Genco Assets Limited (formerly known as GMR)	IC2170	Interest payable on Loan taken	Other current liabilities	Non Trade payable	2050201016	5,926,315	-	5,926,315	DTL/(DTA) on Ind AS Adjustments
6	Raza Security Services Limited	IC8000	Deployment of manpower	Other current liabilities	Non Trade payable	2050201016	1,331,051	-	1,331,051	DTL/(DTA) on Ind AS Adjustments
7	Delhi International Airport Private Limited (DIAL)	IC1500	Travel Exp of employees on behalf of KSEZ	Other current liabilities	Non Trade payable	2050201016	1,283,089	-	1,283,089	DTL/(DTA) on Ind AS Adjustments
8	GMR Airport Developers Limited (GADL)	IC6620	Manpower deployment chgs	Other current liabilities	Non Trade payable	2050201016	3,113,242	-	3,113,242	DTL/(DTA) on Ind AS Adjustments
9	GMR Hyderabad International Airport Limited (GHIAL)	IC1000	Various Expenses	Other current liabilities	Non Trade payable	2050201016	3,318,877	-	3,318,877	DTL/(DTA) on Ind AS Adjustments

C. Loan taken from Group Companies / Share Application money refundable / Other Loans

SI No	Inter Company	IC Code	Transaction Description	Main Head	Sub Head	Show In Financials Transaction CL	ICAAP Amount	Ind AS adjustment Amount	Total (ICAAP + IND AS Adjustments)	(Rs. in Units)
1	GMR Infrastructure Limited (GIL)	IC6100	Loan taken	Long term borrowings	LT- Term loans --Rupee Term Loans-Secure	2030500011	13,412,796,736	-	13,412,796,736	DTL/(DTA) on Ind AS Adjustments
2	GMR Highways Limited (GMRHL)	IC3300	Loan taken	Long term borrowings	LT- Term loans --Rupee Term Loans-Secure	2030500011	140,000,000	-	140,000,000	DTL/(DTA) on Ind AS Adjustments
3	GMR Genco Assets Limited (formerly known as GMR)	IC2170	Loan taken	Long term borrowings	LT- Term loans --Rupee Term Loans-Secure	2030500011	150,000,000	-	150,000,000	DTL/(DTA) on Ind AS Adjustments

D. Share Capital

SI No	Inter Company	IC Code	Transaction Description	Main Head	Sub Head	Show In Financials Transaction CL	ICAAP Amount	Ind AS adjustment Amount	Total (ICAAP + IND AS Adjustments)	(Rs. in Units)
1	GMR SEZ and Port Holdings Private Limited (GSPHPL)	IC6121	Share Capital	Share Capital	Equity issued and subscribed-fully paid-up	2010101002	479,371,010	-	479,371,010	DTL/(DTA) on Ind AS Adjustments

E. Investments in Group Companies / Share Application Money

SI No	Inter Company	IC Code	Transaction Description	Main Head	Sub Head	Show In Financials Transaction CL	ICAAP Amount	Ind AS adjustment Amount	Total (ICAAP + IND AS Adjustments)	(Rs. in Units)
1	Kakinada Gateway port Limited	IC5601	Investment in Shares	Other non current assets	Non Current Investments	1020500005	100,000.00	-	100,000.00	DTL/(DTA) on Ind AS Adjustments
2	GMR Energy Limited (GEL)	IC2000	Security provided by way of Pan passu First charge on the land of Kakinada SEZ Pvt Ltd for the Term loan availed by them from LIC of India to the extent of Rs. 700 Cr	Other non current assets	Non Current Investments	1020500005	100,000.00	-	100,000.00	DTL/(DTA) on Ind AS Adjustments



Security provided by way of Subservient charge on the land of Kakkinada SEZ Pvt Ltd for the Term Loan availed by them from ICICI Bank to the extent of Rs. 1000 Cr

IC6100

Security provided by way of Subservient charge on the land of Kakkinada SEZ Ltd for the Term Loan of Rs. 214 Cr and NCDs outstanding of Rs. 830 Cr availed by them from ICICI Bank Ltd

IC6100

3 GMR Infrastructure Limited (GIL)

4 GMR Infrastructure Limited (GIL)

For M/s. BRAHMAYYA & Co.,
Firm registration number: No. 0005115
Chartered Accountants



N.SRI KRISHNA

Partner

Membership no.: No. 26575

Place: Hyderabad

Date: 25-Apr-2017



For and on behalf of the Board of Directors

B.V.N.Rao

Director

DIN: No.00051167

G.V. Suresh Kumar

Company Secretary



Related Party Transaction Details
For the year ended March 31, 2017

Profit & Loss

Kakinada SEZ Limited (Formerly Known as Kakinada SEZ Private Limited (KSPL))
Code : CS600

A. Reimbursement

Sl No	Inter Company	IC Code	Transaction Description	Main Head	Sub Head	Show in Financials Transaction GL	IGAAP Amount	Ind AS Adjustment Amount	Total (IGAAP + IND AS Adjustments)	DTL/(DTA) on Ind AS Adjustments
1	GMR Kishinagar SEZ Limited (GKSEZ)	IC5300	SGA - Meetings & Seminars - Participant Other expenses		Meetings, Seminars Expenses	6100106001	249,420	-	249,420	-
2	GMR Kishinagar SEZ Limited (GKSEZ)	IC5300	SGA-Memberships & Subscriptions - Other expenses		Membership Fees/Expenses	6100009003	81,837	-	81,837	-
3	GMR Hotels and Resorts Limited (GHRL)	IC1154	SGA - Business Promotion - Business Other expenses		Business Promotion	6100005005	44,186	-	44,186	-
4	GMR Hotels and Resorts Limited (GHRL)	IC1154	SGA Staff Welfare - Food Expenses - Other expenses		Traveling and Governance	6001004003	3,494	-	3,494	-

B. Capital Work In Progress

Sl No	Inter Company	IC Code	Transaction Description	Main Head	Sub Head	Show in Financials Transaction GL	IGAAP Amount	Ind AS Adjustment Amount	Total (IGAAP + IND AS Adjustments)	DTL/(DTA) on Ind AS Adjustments
1	GMR Infrastructure Limited (GIL)	IE6100	GIL Corporate Share Allocation	CWIP	CWIP - Consultancy and Professional Fees	1010300009	28,595,967	-	28,595,967	-
2	GMR Infrastructure Limited (GIL)	IE6100	Interest on Loan	CWIP	CWIP - Others	1010300009	1,529,852,560	-	1,529,852,560	-
3	GMR Highways Limited (GMRHL)	IC3300	Interest on Loan	CWIP	CWIP - Others	1010300009	16,998,973	-	16,998,973	-
4	Padmapriya Properties Private Limited (PAPPL)	IC5522	Interest on Loan	CWIP	CWIP - Others	1010300009	7,118,409	-	7,118,409	-
5	GMR Hyderabad International Airport Limited (GHIAL)	IC1000	Various Expenses	CWIP	CWIP - Others	1010300009	4,426,093	-	4,426,093	-
6	Delhi International Airport Private Limited (DIAL)	IC1500	Travel Exp of Mr. Prasanna C on beh. CWIP	CWIP	CWIP - Others	1010300009	596,420	-	596,420	-
7	Ramitha Real Estate Private Limited (MREPL)	IC5530	Interest on Loan	CWIP	CWIP - Others	1010300009	203,048	-	203,048	-
8	GMR Energy Limited (GEL)	IC2000	SGA-Consultancy Charges - Others	CWIP	CWIP - Others	1010300009	(125,625)	-	(125,625)	-
9	GMR Airport Developers Limited (GADL)	IC6620	SGA-Salaries/Allowances-Variable } CWIP	CWIP	CWIP - Consultancy and Professional Fees	1010300009	5,469,746	-	5,469,746	-
10	GMR Geosco Assets Limited (formerly known as GMR F)	IC2170	Interest on Loan	CWIP	CWIP - Others	1010300009	6,584,794	-	6,584,794	-
11	Raya Security Services Limited	IC0900	Deployment of manpower	CWIP	CWIP - Others	1010300009	15,579,056	-	15,579,056	-
12	GMR Hotels and Resorts Limited (GHRL)	IC1154	SGA - Inland Travel - Other Expenses	CWIP	CWIP - Others	1010300009	13,027	-	13,027	-

For M/s. BRAHMAYYA & Co.
Firm registration number: No. 0005115
Chartered Accountants



NSRI KRISHNA
Partner
Membership no: No. 26575

Place: Hyderabad
Date: 25-Apr-2017

For and on behalf of the Board of Directors

B V N Rao
Director
DIN: No 00051167

G V Suresh Kumar
Company Secretary

