



Date: 25<sup>th</sup> January, 2021

To,  
Department of Corporate Affairs,  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai- 400001

**BSE Scrip Code: 520155**

Dear Sir / Madam,

**Sub: Outcome of Board Meeting and Submission of Consolidated Audited Financial Results**

The Board of Directors at their meeting held today i.e. 25<sup>th</sup> January, 2021 has approved the following -

- 1) Consolidated Audited Financial Results for the year ended March 31<sup>st</sup>, 2020.
- 2) Independent Auditor's Report issued by the Statutory Auditors on Consolidated Audited Financial Results for the year ended March 31<sup>st</sup>, 2020.

The meeting commenced at 4.00 p.m. and concluded at **11.00p.m.**

Kindly take the same on record and oblige.

Thanking you

Yours faithfully  
For **Starlog Enterprises Limited**

**Pranali A Sulakhe**  
**Company Secretary**  
Encl. a/a



**STARLOG ENTERPRISES LIMITED**

Registered Office: 141, Jolly Maker Chambers II, 14th Floor, Nariman Point, Mumbai- 400 021, Maharashtra, India  
Corporate Office: 2<sup>nd</sup> Floor, Flat No.3B, Shree Pant Bhuvan, Sandhurst Bridge, Mumbai - 400007, Maharashtra, India  
Email: [hq@abginfra.com](mailto:hq@abginfra.com) | Tel +91 22 23665333 | Fax +91 22 23687015  
CIN: L63010MH1983PLC031578

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS STARLOG ENTERPRISES LIMITED**

#### **Qualified Opinion**

We have audited the accompanying consolidated Indian Accounting Standards ("Ind AS") financial statements of STARLOG ENTERPRISES LIMITED (hereinafter referred to as the "Company"), its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), its associate and its joint venture, which comprise the Consolidated Balance Sheet as at 31st March, 2020, the Consolidated Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements") which includes joint operations of the group on a proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on the financial statements of the subsidiaries referred to below in sub-paragraph (a) of the Other Matters paragraph, except for the effects (to the extent ascertained) of the matter described in the Basis for Qualified Opinion paragraph below, the consolidated financial statements give the information required by the Companies Act, 2013, ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, its consolidated **loss** including Other Comprehensive Income, its consolidated Cash Flows and the Statement of Changes in Equity for the year ended on that date.

#### **Basis for Qualified Opinion**

1. As more fully explained in Note 50 to the Consolidated Financial Statements, in relation to going concern assumption it is mentioned that the company's current liabilities are in excess of its current assets by Rs.25,821 lakhs which is largely on the account of current maturities of its long term debts. Further, as mentioned in note 51 to the Consolidated Financial Statements, the Company has contingent liabilities regarding EPCG Obligations of Rs.1294.67 lakhs, demands from the sales tax / MVAT department of Rs.27716.23 lakhs and invocation of the shortfall undertaking by a lender of subsidiary of Rs.6627.20 lakhs. There has also been a substantial reduction in the net worth of the company current year losses. We also refer to Note 55 of the Consolidated Financial Statement wherein the Company has explained the impact of COVID 19 and ensuing nationwide lockdown on its operations. These situations indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However the company has prepared its standalone financial statement as a going concern. The impact of the same on the consolidated financial statements of the company is unascertainable.
2. As fully explained in Note 49 to the Consolidated Financial Statements, the Company has not received financial statements of a subsidiary and joint venture for year ended 31<sup>st</sup> March, 2020. It has continued with the same balances for these subsidiary and joint venture as appearing in consolidated financial statements for year ended 31<sup>st</sup> March, 2018. Further, for the purpose of preparation of consolidated financial statements for year ended 31<sup>st</sup> March, 2018, the Company

had relied on unaudited financial statements, which were unapproved by the management of the said entities. The financial impact of the losses on the carrying value could vary based on the final audited financial statements of these subsidiary and joint venture and the consequent impact on the consolidated opening Retained Earnings and the consolidated profit and loss is presently unascertainable.

3. As fully explained in Note 49 to the Consolidated Financial Statements, the Holding Company has consolidated certain subsidiaries based on unaudited financial statements that are yet to be approved by the managements of those companies. The financial impact of the losses on the carrying value could vary based on the final audited financial statements of these subsidiaries and the consequent impact on the consolidated opening Retained Earnings and the consolidated profit and loss is presently unascertainable.
4. As more fully explained in Note 45 to the Consolidated Financial Statements, India Ports & Logistics Private Limited ('IPL'), one of the subsidiary of the Company, is a Non-Banking Financial Company (NBFC). However, IPL has not complied with the requirements of the Reserve Bank of India Act, 1934, in respect of NBFC including registering as an NBFC as under Section 45-IA of the Reserve Bank of India Act, 1934. Liabilities/penalties, if any, on account of the above non-compliance are presently not ascertainable and therefore have not been provided for in the financial statements of IPL. Further, the preparation and presentation of the financial statements of IPL applicable to the companies registered under the aforesaid act have also not been complied with.
5. As more fully explained in Note 44(3) to the Consolidated Financial Statements, India Ports & Logistics Private Limited ('IPL'), one of the subsidiary of the Company, has not complied with the provision of Sections 149, 177 and 178 of the Act with respect to appointment of independent directors, constitution of audit committee and remuneration committee during the year ended 31 March 2020. Pending regularization of the aforementioned defaults, auditors of IPL has expressed their inability to comment on the extent of adjustments, if any, that maybe required in IPL's financial statements on account of such defaults.
6. As more fully explained in Note 44(2) to the Consolidated Financial Statements, Dakshin Bharat Gateway Terminal Private Limited ('DBGT'), one of the subsidiary of the Company, has not complied with the provisions of Sections 138, 149, 177 and 178 of the Act with respect to appointment of internal auditors and independent directors, constitution of audit committee and nomination and remuneration committee during the year ended 31 March 2020 (including previous years). Pending regularization of the aforementioned defaults, auditors of DBGT has expressed their inability to comment on the extend of adjustment, if any, that maybe required in DBGT's financial statement on account of such defaults.
7. As more fully explained in Note 55 to the Consolidated Financial Statements, Starlog Enterprises Limited ('SEL'), holding Company, has mentioned that its cranes are de-hired and lying idle due to outbreak of COVID 19. Non operation is causing deterioration in life of the assets. Further, SEL expects the demand for its services to remain low. However, SEL has not conducted an impairment study under Ind AS 36 and continues to carry its PPE at a book value. The impact of the same on the financial statements of the SEL is unascertainable.
8. Auditor of Starlog Enterprises Limited ('SEL'), has mentioned that SEL has total outstanding of Rs.174.36 crore repayable to lenders. However, they have not received balance

confirmations from majority lenders as on 31 March 2020, and have been unable to confirm the balances through any alternate means. The impact on the results of the SEL is unascertainable.

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

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the Consolidated Financial Statements:

1. Note 7 wherein Company has shown investments of Rs.1201.20 lakhs in associate which is equivalent to 26% of the equity capital of the associate. As against this, the financial statements of the associate show the shareholding of the company as 10% of its equity capital only. The differential 16% have been claimed by the associate as being transferred in its financial statement from the name of the Company to certain entities who are having credit balances with the Company towards advance given for purchase of shares of the associate. However, the Company has continued to show the investment at original cost and original number of shares in its standalone financial statements on the ground that it has not been provided with the necessary documents by the associates to justify the change in the shareholding and settlement with the transferee entities.
2. Note 51(I)(C) to the Consolidated Financial Statement, a lender of a subsidiary has invoked a Shortfall Undertaking of Rs.66.27 crore. The matter was adjudicated by DRT Mumbai, passing a recovery order against the Company. The Company has filled a review petition against the said order and the matter is sub-judice.
3. Note 27 to Consolidated Financial Statements that includes service tax payable of Rs. 251.87 lakhs pertaining to KCTPL out of the total other statutory dues payable of Rs. 1700.35 lakhs of the Group. This amount of KCTPL of Rs. 251.87 lakhs is net-off service tax input of Rs. 77.36 lakhs. The input credit of service tax has not been claimed by KCTPL within stipulated time as per service tax guidelines and there is reasonable doubt that the same will be available for set off in future. KCTPL has continued to show it as an asset till the conclusion of its arbitration proceedings.

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended 31st March, 2020. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by the auditors of the subsidiaries not audited by us, as reported by them in their audit reports furnished to us by the Company, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Based on the audit reports of the subsidiaries companies incorporated in India provided to us by the Company, the statutory auditors of those companies have not reported any Key Audit Matters in their respective reports. The Key Audit Matters identified in the audit report of the financial statements of holding Company, given to us by the Company are provided below.

Key Audit Matters	How our audit addressed the Key Audit Matter
<p><b>Revenue Recognition as per Ind AS 115</b></p> <p>Effective April 1, 2018, on account of adoption of new revenue standard Ind AS 115 – Revenue from contracts with customer, the Company has changed its revenue recognition policy with regards to timing of recognition based on the satisfaction of the identified performance obligations and related disclosures.</p> <p>We focused on this area because revenue requires significant time and resource to audit due to the magnitude, revenue transactions near to the reporting date, transition to Ind AS 115 and the adequacy of disclosures in this respect has been considered as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1) Obtained an understanding of the Company's services and performance obligation, and the timing when the performance obligation would be considered as discharged.</li> <li>2) Testing on sample basis, the contracts entered into between the Company, the invoices and the relevant underlying documents, including log sheets which are countersigned by the service recipients.</li> <li>3) We have tested, on a sample basis, whether revenue transactions near to the reporting date have been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation.</li> </ol>

### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Consolidated Financial Statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We will report such facts, if any, once the annual report is made available to us.

## **Management's Responsibilities for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for preparation and presentation of these Consolidated Financial Statements in terms of the requirement of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and the consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of Consolidated Financial Statements by the Directors of the Company as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal

financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March, 2020, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

- a) We did not audit the financial statements of holding company and four subsidiaries, whose financial statements reflect total assets of Rs. 62,432.67 lakhs as at 31st March, 2020, total revenues of Rs. 20,776.19 lakhs for the year ended on that date, net of inter-company elimination, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the

Management and our opinion on the Consolidated Financial Statements, in so far as it relates to amounts and disclosures included in respect of holding and these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid holding and subsidiaries is based solely on the reports of the other auditors.

- b) We did not audit the financial statements two subsidiaries, whose financial statements reflect total assets of Rs 19,721.90 lakhs as at March 31, 2020, total revenue of Rs 0.83 lakhs, for the year ended on that date, net of inter-company elimination, as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management (Refer Note 49 for detail), and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements.
- c) The Consolidated Financial Statements include total assets of a subsidiary amounting to Rs. 20,240.93 lakhs and losses of a jointly controlled company amounting to Rs. 13,416.58 lakhs, for which the Company has not received financial statements for financial year ended 31<sup>st</sup> March, 2020, which have been mentioned in the Basis for Qualified Opinion. These balances are based on unaudited financial statements of FY 2017-18 (Refer Note 49 for detail) and were shown in the consolidated financial statements for year ended 31<sup>st</sup> March, 2018. These financial statements of FY 2017-18 are yet to be approved by the managements of those respective entities and our opinion on the Consolidated Financial Statements is restricted to the financial statements of the Company and subsidiary companies which are audited.

Except for point (b) and (c) above which is covered in point (1) of Basis of Qualification paragraph, our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of above matters with respect to our reliance on the work done and report of the other auditors.

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

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of subsidiaries as referred to in Other Matters paragraph above, we report, to the extent applicable, that:

- a) Except for the effects of the matter described in the Basis of Qualified Opinion paragraph above, The other auditors whose reports we have relied upon 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 of the aforesaid Consolidated Financial Statements.
- b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Financial Statements comply with the



Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

- e) In our opinion, the matters described in the Basis of Qualified Opinion paragraph above and under the Emphasis of Matters paragraph above may have an adverse effect on the functioning of the Group.
- f) As explained to us and the reports of the other statutory auditors of its subsidiaries incorporated in India, none of the directors of the Group companies and whose audited accounts are available, is disqualified as on 31st March, 2020, from being appointed as a director in terms of Section 164 (2) of the Act. However except for four subsidiaries, the auditors of the Group have not been provided with the written representation as received by the Group from the directors regarding their disqualification.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and its subsidiaries, and the operating effectiveness of such controls, refer to our separate Report in Annexure to this report.
- h) The qualification relating to the consolidation process and other matters are as stated in the Basis of Qualified Opinion paragraph above.
- i) In our opinion and according to the information and explanations given to us, and based on the consideration of the reports of the other statutory auditors of the subsidiaries incorporated in India, the remuneration paid/provided by the Group to its directors during the current year is in accordance with the provisions of section 197 read with Schedule V of the Act.
- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the Other Matter paragraph:
  - (i) The Group has disclosed the impact of pending litigations on its financial position in the Consolidated Financial Statements vide Note 51.
  - (ii) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - (iii) There is no requirement to transfer any amount to Investor Education and Protection Fund (IEPF).

For **Gupta Rustagi & Co.**

FRN No.-128701W

Chartered Accountant

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Subhashch  
nd Gupta

Digitally signed by  
Niraj Subhashchand  
Gupta  
Date: 2021.01.25  
23:06:48 +05'30'

**Niraj Gupta**

Partner

M. N.: 100808

Place – Mumbai

Date – 25<sup>th</sup> January 2020

## **Annexure to the Independent Auditor's Report on the Consolidated Financial Statement of Starlog Enterprises Limited-31<sup>st</sup> March,2020**

(Referred to in our report of even date)

### **Report on the Internal Financial Control under Clause (i) of Sub-section 3 of Section 143 of the Act**

#### **Disclaimer of Opinion**

In conjunction with our audit of the Consolidated Financial Statement of Starlog Enterprises Limited as of and for the year ended 31<sup>st</sup> March,2020, we have audited the internal financial control with reference to Consolidated Financial Statement of Starlog Enterprises Limited (“the company”) and its subsidiaries which are companies incorporated in india, as on that date.

As described in the Basis of disclaimer of opinion paragraph below, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the group has adequate internal financial controls with reference to financial statements and whether such internal financial control where operating effectively as at 31<sup>st</sup> march,2020.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Financial Statement of the company, and the disclaimer does not affect our opinion on the Consolidated Financial Statement of the company.

#### **Basis of disclaimer of opinion**

According to the information and explanation given to us, except for two subsidiaries, the group has not establish its internal financial control with reference to financial statement on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accounts of India (“ICAI”).

#### **Managements Responsibilities for Internal Financial Controls**

The respective Board of Directors of the company and its subsidiaries which are companied incorporated in india, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to the financial statements 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 the Chartered Accounts of India (“ICAI”). These responsibilities include the design implementation and maintenance of adequate internal financial controls that where operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's polices, the safeguarding of its assets, the prevention and dedication of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the act.

## **Auditors' Reasonability**

Our responsibility is to express an opinion on Company's internal financial control with reference to financial statements 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 the ICAI and deemed to be prescribed under section 143(10) of the act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and 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 with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves of performing procedure to obtain audit evidence about the adequacy of the internal financial controls system with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, 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 depends on our judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have to obtained and the audit evidence by the other auditors in terms of their report referred to in Others matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial controls system with reference to Consolidated Financial Statements.

## **Meaning of Internal Financial Controls with reference to financial statements.**

A company's internal financial control with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements includes those polices and procedures that:

- 1) Pertains 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 transaction are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principle, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely dedication of unauthorized acquisition, used, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent limitations of Internal Financial Controls with reference to financial statements**

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

## **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to these Consolidated Financial Statements in so far as it relates to seven subsidiary company's, which are companies incorporated in india, is based on the corresponding reports of the auditors of such companies incorporated in india. Our opinion does not include three subsidiary for which we have not been provided with the audited financial statements and the audit report.

For **Gupta Rustagi & Co.**

FRN No.-128701W

Chartered Accountant

Niraj  
Subhashch  
and Gupta

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Niraj Subhashchand  
Gupta  
Date: 2021.01.25  
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**Niraj Gupta**

Partner

M. No.:100808

UDIN : 21100808AAAABD6359

Place – Mumbai

Date – 25<sup>th</sup> January 2020

**Starlog Enterprises Limited**  
**Consolidated Balance sheet as at 31<sup>st</sup> March, 2020**

Consolidated

	Notes	As at 31 <sup>st</sup> March 2020	(Rs. in Lakhs) As at 31 <sup>st</sup> March 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	16,338.60	19,281.27
Intangible assets	4	44,687.91	46,233.11
Intangible assets under development	5	-	-
Investment Properties	6	1,226.25	1,226.26
<b>Financial Assets</b>			
i. Investments	7	6,389.68	6,389.68
ii. Other Financial Assets	8	1,738.90	2,046.07
Other Non-Current Assets	9	4,318.55	2,931.17
<b>Total Non-Current Assets</b>		<b>74,699.89</b>	<b>78,107.56</b>
<b>Current Assets</b>			
Inventories	10	805.80	303.78
<b>Financial Assets</b>			
i. Trade Receivables	11	5,699.55	5,619.79
ii. Cash and Cash Equivalents	12	1,576.08	867.32
iii. Other Bank Balances	13	593.44	602.95
iv. Loans	14	864.95	869.11
v. Other Financial Assets	15	294.80	406.52
Other Current Assets	16	4,444.39	4,670.69
<b>Total Current Assets</b>		<b>14,279.01</b>	<b>13,340.16</b>
<b>Total Assets</b>		<b>88,978.90</b>	<b>91,447.72</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	17	1,196.69	1,196.69
Other Equity	18	(3,788.03)	331.15
Equity attributable to owners		(2,591.34)	1,527.84
Non-Controlling Interest		1,942.79	3,503.25
<b>Total Equity</b>		<b>(648.55)</b>	<b>5,031.09</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
i. Borrowings	19	44,952.97	24,684.51
ii. Other Financial Liabilities	20	3,196.99	1,811.75
Provisions	21	150.40	95.89
Other Non-Current Liabilities	22	1,226.21	2,610.36
<b>Total Non-Current Liabilities</b>		<b>49,526.57</b>	<b>29,202.51</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
i. Borrowings	23	1,239.96	24,509.88
ii. Trade and Other Payables	24	3,405.01	2,706.31
iii. Other Financial Liabilities	25	27,020.34	23,976.61
Provisions	26	198.77	123.73
Other Current Liabilities	27	8,236.80	5,897.59
<b>Total Current Liabilities</b>		<b>40,100.88</b>	<b>57,214.12</b>
<b>Total Liabilities</b>		<b>89,627.45</b>	<b>86,416.63</b>
<b>Total Equity and Liabilities</b>		<b>88,978.90</b>	<b>91,447.72</b>

Notes form integral part of the financial statements

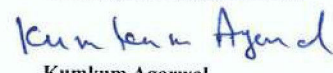
As per our report of even date

**For Gupta Rustagi & Co.**  
 ICAI F.R.N.: 128701W  
 Chartered Accountants  
Niraj Subhashchand Gupta      Sushant Kumar Gupta  
 Chartered Accountants  
 Date: 2020/01/25/12:09:45:50  
**Niraj Gupta**  
 Partner  
 ICAI M.N.: 100808



For and on behalf of the Board of Directors  
**Starlog Enterprises Limited**

  
**Saket Agarwal**  
 Director  
 DIN: 00162608

  
**Kumkum Agarwal**  
 Director  
 DIN: 00944021

  
**Pranali Sulakhe**  
 Company Secretary

  
**Amita Chawan**  
 Chief Financial Officer

Place: Mumbai  
 Date: 25th January 2021

**Starlog Enterprises Limited**
*Consolidated*
**Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020**

	Notes	For Year Ended 31 <sup>st</sup> March 2020	(Rs. in Lakhs) For Year Ended 31 <sup>st</sup> March 2019
<b>Income</b>			
Revenue From Operations	28	19,191.62	12,570.48
Other Income	29	1,585.40	1,074.44
<b>Total Income</b>		<b>20,777.02</b>	<b>13,644.92</b>
<b>Expenses</b>			
Contract costs from construction activities	30	-	761.95
Employee Benefit Expense	31	1,586.35	1,590.78
Power and Fuel Expense	32	47.86	137.92
Depreciation/Amortization Expense	33	3,085.95	3,227.88
Other Expenses	34	14,978.77	10,165.98
Finance Costs	35	6,766.94	5,654.48
<b>Total Expenses</b>		<b>26,465.87</b>	<b>21,538.99</b>
Exceptional Items	36	(5,688.85)	(7,894.07)
<b>Profit/(Loss) Before Tax</b>		<b>20.57</b>	<b>-</b>
Tax expense		(5,668.28)	(7,894.07)
Current tax		(3.15)	(2.03)
Adjustment of tax relating to earlier year		(14.93)	
Deferred tax		-	
<b>Loss after tax for the year before share in profit/(loss) of jointly controlled entities and associates</b>		<b>(5,686.36)</b>	<b>(7,896.10)</b>
Add: Share in (loss) /profit of jointly controlled entities and associates, (net of tax)		-	
<b>Loss for the year</b>		<b>(5,686.36)</b>	<b>(7,896.10)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss		6.73	21.24
<b>Total Comprehensive Income/(Loss) For The Year</b>		<b>(5,679.63)</b>	<b>(7,874.86)</b>
<b>Profit / (Loss) attributable to:</b>			
Owners of Starlog Enterprises Limited		(4,130.75)	(5,481.33)
Non-controlling interests		(1,555.61)	(2,414.77)
<b>Other comprehensive income attributable to:</b>			
Owners of Starlog Enterprises Limited		11.57	22.74
Non-controlling interests		(4.85)	(1.50)
<b>Total comprehensive income attributable to:</b>			
Owners of Starlog Enterprises Limited		(4,119.18)	(5,458.59)
Non-controlling interests		(1,560.46)	(2,416.27)
<b>Earning/(Loss) Per Equity Share</b>			
- Basic and Diluted (in Rs.)	39	(34.42)	(45.61)

Notes form integral part of the financial statements

As per our report of even date

**For Gupta Rustagi & Co.**

ICAI F.R.N.: 128701W

Chartered Accountants


 Niraj  
Subhashchand  
d Gupta

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Subhashchand Gupta  
Date: 2021.01.25  
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**Niraj Gupta**

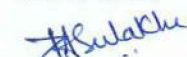
Partner


ICAI M.N.: 100808

 For and on behalf of the Board of Directors  
**Starlog Enterprises Limited**

  
**Saket Agarwal**  
 Director

DIN: 00162608

  
**Pranali Sulakhe**  
 Company Secretary

  
**Kumkum Agarwal**  
 Director

DIN: 00944021

  
**Amita Chawan**  
 Chief Financial Officer

Place: Mumbai

Date: 25th January 2021

# Starlog Enterprises Limited

Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2020

Consolidated

A. Equity Share Capital (Rs. in Lakhs)	
Particulars	Amount
As at April 1, 2018	1,196.69
Change in equity Share Capital	-
As at 31 <sup>st</sup> March 2019	1,196.69
Change in Equity Share Capital	-
As at 31 <sup>st</sup> March 2020	1,196.69

B. Other Equity (Rs. in Lakhs)									
Particulars	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Items of Other Comprehensive Income	Owners Equity	Non- Controlling Interest	Total Other Equity
						FVTOCI			
Opening balance as at 1 <sup>st</sup> April 2018	100.00	40,933.42	1,590.24	11,553.50	(48,340.33)	(47.09)	5,789.74	5,919.52	11,709.26
Adjustment to Opening Retained Earnings				(470.99)	470.99				
Transfer to retained earnings - Loss 2018-19					(5,481.33)		(5,481.33)	(2,414.77)	(7,896.10)
Remeasurement of Employment Benefit Obligations						22.74	22.74	(1.50)	21.24
Closing Balance as at 31 <sup>st</sup> March 2019	100.00	40,933.42	1,590.24	11,082.51	(53,350.67)	(24.35)	331.15	3,503.25	3,834.40
Adjustment to Opening Retained Earnings					-		-		-
Transfer to retained earnings - Loss 2019-20					(4,130.75)		(4,130.75)	(1,555.61)	(5,686.36)
Remeasurement of Employment Benefit Obligations						11.57	11.57	(4.85)	6.72
Closing Balance as at 31 <sup>st</sup> March 2020	100.00	40,933.42	1,590.24	11,082.51	(57,481.42)	(12.78)	(3,788.03)	1,942.79	(1,845.24)

As per our report of even date

For Gupta Rustagi & Co.  
ICAI F.R.N.: 128701W  
Chartered Accountants  
Niraj Subhashchand  
d Gupta  
Digitally signed by  
Niraj Subhashchand  
Gupta  
Date: 2021.01.25  
23:28:03 +05'30'  
Niraj Gupta  
Partner  
ICAI M.N.: 100808



For and on behalf of the Board of Directors  
Starlog Enterprises Limited

  
Saket Agarwal  
Director  
DIN: 00162608

  
Kumkum Agarwal  
Director  
DIN: 00944021

  
Pranali Sulakhe  
Company Secretary

  
Amita Chawan  
Chief Financial Officer

Place: Mumbai  
Date: 25th January 2021

**STARLOG ENTERPRISES LIMITED**
*Consolidated*
**Consolidated Statement of Cash Flows for the year ended 31<sup>st</sup> March, 2020**

	For Year Ended 31 <sup>st</sup> March 2020	(Rs. in Lakhs) For Year Ended 31 <sup>st</sup> March 2019
<b>Cash flow from operating activities</b>		
Profit / (Loss) before tax	(5,668.28)	(7,894.07)
<b>Adjustment for :</b>		
Depreciation / Amortisation	3,085.95	3,227.88
Finance cost	7,440.10	5,654.48
Interest income on bank deposit and others	(25.97)	(36.51)
Net foreign exchange gain / (loss)	393.07	(37.66)
Government grant received	(770.31)	(502.64)
Exceptional items/liability no longer required written back	(20.57)	-
Provision for doubtful debts	46.75	26.09
Provision no longer required written back	(95.48)	(102.94)
(Profit) / Loss on disposal of property, plant and equipment	(494.18)	(21.53)
Other non-operating expenses	-	1.90
	<b>3,891.08</b>	<b>315.00</b>
<b>Operating profit before working capital changes</b>		
<b>Movement in working capital:</b>		
(Increase)/Decrease in Trade Receivables	(126.51)	203.73
(Increase)/Decrease in Inventories	(502.02)	(92.18)
(Increase)/Decrease in Loans - Current	4.16	-
(Increase)/Decrease in Other Financial Assest	428.45	(64.39)
(Increase)/Decrease in Other Asset	(1,000.93)	(582.82)
Increase/(Decrease) in Provisions	136.28	53.71
Increase/(Decrease) in Other Liabilities	1,725.37	1,462.79
Increase/(Decrease) in Other Financial Liabilities	2,563.10	47.56
Increase/(Decrease) in Trade Payables	326.20	18.50
<b>Cash generated from operations</b>	<b>7,445.18</b>	<b>1,361.90</b>
Income taxes paid	(178.23)	(366.17)
<b>Net cash inflows from operating activities</b>	<b>(A) 7,266.95</b>	<b>995.73</b>
<b>Cash flow from investing activities</b>		
Addition in property, plant and equipment (including CWIP and Capital advances)	246.73	(19,858.86)
Addition in intangible asset under development	-	-
Advance against sale of Fixed Asset- Taken/(Given)	-	37.12
Proceeds from sale of property, plant and equipment	1,766.91	136.77
Bank deposits in excess of 3 months (Net)	0.27	53.98
Interest received	25.65	37.12
<b>Net cash outflow used in investing activities</b>	<b>(B) 2,039.56</b>	<b>(19,593.87)</b>
<b>Cash flow used in financing activities</b>		
Changes in borrowing (Net)	(2,398.16)	22,044.28
Unclaimed dividend paid	-	(6.62)
Proceeds from issue of preference share	-	-
Interest Expense	(6,199.59)	(3,612.40)
<b>Net cash inflow used in financing activities</b>	<b>(C) (8,597.75)</b>	<b>18,425.26</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(A+B+C) 708.76</b>	<b>(172.88)</b>
Cash and cash equivalents at the beginning of the year	867.32	1,040.20
Cash and cash equivalents at the end of the year (Refer Note 12)	1,576.08	867.32
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>708.76</b>	<b>(172.88)</b>

Notes form integral part of the financial statements

As per our report of even date

 ICAI F.R.N.: 128701W  
 Chartered Accountants

 Niraj  
 Subhashch  
 and Gupta  
 Niraj Gupta  
 Partner  
 ICAI M.N.: 100808

 Digitally signed by  
 Niraj Subhashchand  
 Gupta  
 Date: 2021.01.25  
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 Saket Agarwal  
 Director  
 DIN: 00162608


 Pranali Sulakhe  
 Company Secretary

Starlog Enterprises Limited

 Kumkum Agarwal  
 Director  
 DIN: 00944021


 Amita Chawan  
 Chief Financial Officer

 Place: Mumbai  
 Date: 25th January 2021



**Notes to the Ind AS Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020****1 Corporate Information**

Starlog Enterprises Limited ("the Company" or "Starlog" or "Parent") was incorporated on 15-12-1983. The Company, its subsidiaries, associates and joint ventures (collectively, the Group) is operating in Port & Infrastructure facilities, Charter Hire & Operation of Heavy Duty Cranes, Engineering & Erection activities.

**2 Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation****a) Compliance with Ind AS**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time and other relevant provision of the Act.

The Consolidated Financial Statements are presented in INR and all values are rounded off to the nearest lakhs (INR 00,000), unless otherwise stated.

The Consolidated Financial Statements have been prepared on a historical cost basis, except certain financial instruments which have been measured at fair value.

**b) Basis of Consolidation**

The consolidated financial statements have been prepared by following consolidation procedures as laid down in Ind AS 110 "Consolidated Financials Statements".

**i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. they are deconsolidated from the date that control ceases.

**Consolidation procedure**

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (unrealised profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

**ii) Associates and Joint Ventures**

Investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost in accordance with Ind AS 28 "Investments in Associates and Joint Ventures".

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other event in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to the group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

**iii) Foreign Operations / Subsidiaries**

The results and financial position of foreign operations/ subsidiaries that have a functional currency different from the presentation currency of the group are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- Income and expenses are translated at average exchange rates
- All resulting translation exchange differences are recognised in Foreign Currency Translation Reserve (FCTR) through other comprehensive income (OCI)

**2.2 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues and expenses during the period and assets, liabilities and the disclosure of contingent liabilities at the date of financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company prepared its financial statements based on assumptions and estimates on parameters available at that time. 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.

**2.3 Current versus non-current classification**

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

- ▶ Expected to be realised or intended to be sold or consumed in normal operating cycle
- ▶ Held primarily for the purpose of trading
- ▶ Expected to be realised within twelve months after the reporting period, or



**Notes to the Ind AS Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020**

▶ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period  
All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

**2.4 Operating Segment**

The Group is primarily engaged in the business of Port & Infrastructure facilities, Charter Hire & Operation of Heavy Duty Cranes, Engineering & Erection activities. Further all the commercial operations of the Group are based in India. Accordingly, there are no separate reportable segments.

**2.5 Fair value measurement**

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**2.6 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

**a) Rendering of Services**

Revenue from hiring of equipment (cranes & trailers) associated with the transaction is recognised when the outcome of a transaction can be reliably estimated by reference to the stage of completion of the transaction, at the end of the reporting period.

The Group operates one of the major ports in India wherein the tariffs are governed by Tariff Authority of Major Ports ('TAMP'). Hence the tariff rate charged by the Group are as per the TAMP guidelines.

Container handling revenue is recognised on vessels completed up to the end of the last shift of the period. Container storage revenue and reefer revenue is recognised after departure of the container from the terminal. Ancillary revenue is recognised upon completion of the services provided.

This is considered the appropriate point where the performance obligations in our contracts are satisfied.

**b) License fee payments**

The Group has access to the land for development of the eighth berth as a container terminal at the port on a build, operate, transfer basis and related infrastructure for providing services to users in accordance with the terms of the concession arrangement with VOCPT. The Group makes license fee payments to the port which increases year on year. The license fee terms are for a period of 30 years from October 2012. The agreement entered into is non-cancellable till the termination or expiry of the concession agreement. As per requirements of Ind AS 11 *Construction Costs*, the Company has accounted for the present value of the future payments (non-cancellable) on the date of entering into the concession arrangement and is being carried at amortized cost.



**Notes to the Ind AS Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020****c) Government grants**

Government grants and subsidies are recognised when there is reasonable assurance that the conditions attached to them will be complied, and grant/subsidy will be received.

Government grants relating to income are deferred and recognized in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other income.

The Company has availed the Export Promotion Capital Goods ('EPCG') scheme provided by the Government of India. The Company capitalizes the non-refundable portion of the duty saved as part of intangibles under development and correspondingly accounts for deferred income. Amortization is charged over the useful life of the respective asset and deferred income is unwound over the period the export obligation is expected to be met. Currently, the Company does not amortize the government grant capitalized as intangibles under development as these assets are not ready for their intended use.

**d) Foreign currency transactions****i. Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**ii. Conversion**

Foreign currency monetary items are reported using the closing rate. 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.

**iii. Exchange differences**

Exchange differences are recognized in Statement of Profit or Loss. Further, Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

**e) Interest income**

Interest income for debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering contractual terms of the financial instrument but does not consider the expected credit losses.

**f) Dividends**

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

**2.7 Income Taxes**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an items recognised directly in equity or in other comprehensive income.

**a) Current income tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous years. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**b) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax loss and tax credits.

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.

Deferred tax measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they to income taxes levied by the same tax authority.

**c) Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**2.8 Property, plant and equipment****a) Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**b) Transition to Ind AS**

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2018, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.



Notes to the Ind AS Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2020c) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

d) Depreciation

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

e) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), but not for sale in ordinary course of business or for administrative purpose. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Any gain or loss on disposal of investment property is recognised in profit and loss.

**2.9 Intangible Assets Under Development**a) Service concession arrangements

The Group has been awarded port operations concession rights through a license agreement with VOC Port Trust (VOCPT) to build and operate for 30 years container terminal at the Tuticorin Port.

The Group recognizes intangibles under development arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognition of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Such an intangible is capitalised when the project is complete in all respects and the Group receives the completion certificate from the authorities as specified in the concession agreement.

Port concession rights also include certain property, plant and equipment which are reclassified as intangible assets in accordance with Appendix A of Ind AS 11 'Service Concession Arrangements'. These assets are amortised based on the lower of their useful lives or concession period.

b) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

c) Transition to Ind AS

On transition to the Ind AS, the Company has adopted service concession accounting retrospectively.

d) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortization in statement of profit and loss.

The intangibles arising under a service concession arrangement is amortised over the lower of the assets useful life or concession period on a straight line basis.

The estimated useful life of an intangible asset in a service concession arrangement is the lower of respective useful lives and remaining concession period after commencement of commercial operation on a straight line basis.

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss.

**2.10 Leases**

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

**2.11 Impairment of non-financial assets**

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the statement of profit and loss when the carrying amount of an asset exceeds its estimated recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

