

**AUDITORS' REPORT
AND
AUDITED FINANCIAL STATEMENTS
OF
ADANI BANGLADESH PORTS PRIVATE LIMITED.
FOR THE YEAR ENDED ON 31 March 2021.**

ZAHUR & MOSTAFIZ

Chartered Accountants

Member firm of Kreston International

Independent auditor's report

To the Shareholders of

ADANI BANGLADESH PORTS PRIVATE Limited.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Adani Bangladesh Ports Private Limited.** (the Company), which comprise the statement of financial position as at 31 March, 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Place: Dhaka, Bangladesh
Date: 27th April 2021


Zahur & Mostafiz
Chartered Accountants

DVS-2104270920AS568237

ZAHUR & MOSTAFIZ

Chartered Accountants

Adani Bangladesh Ports Private Limited
Statement of financial position
As at 31 March, 2021

	<u>Notes</u>	<u>Mar-21</u> <u>Taka</u>	<u>Mar-20</u> <u>Taka</u>
Assets			
Non-current assets			
Property, plant and equipment	4	-	-
Total non-current assets		-	-
Current assets:			
Inventories	5	102,268	
Advance, deposit and prepayments	6	1,193,615	-
Accounts receivable	7	20,534,871	-
Advance income tax	8	-	-
Cash and cash equivalents	9	133,406,891	5,533,755
Total current assets		155,237,645	5,533,755
Total assets		155,237,645	5,533,755
Equity and liabilities			
Equity			
Share capital	10	5,534,100	5,500,000
Share money deposit	11	-	34,100
Retained earnings	12	3,039,582	(409,195)
Total equity		8,573,682	5,124,905
Current liabilities:			
Director current account	13	-	236,350
Accrued expenses	14	463,193	172,500
Short term borrowings	15	110,946,000	-
Accounts payable	16	2,705,209	-
Other liabilities	17	32,007,334	-
VAT payable to NBR	18	-	-
Income tax provision	19	542,226	-
Total current liabilities		146,663,962	408,850
Total equity and liabilities		155,237,645	5,533,755


These financial statements should be read in conjunction with annexed notes

Chairman


Director

Auditor's Report to the Shareholders
See annexed report of date

Dhaka, 27th April, 2021


Zahur & Mostafiz
Chartered Accountants

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Adani Bangladesh Ports Private Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2021

<u>Particulars</u>		<u>Mar-21</u> <u>Taka</u>	<u>Mar-20</u> <u>Taka</u>
Revenue	20	21,536,483	-
Cost of service	21	(4,488,525)	-
Gross profit		<u>17,047,958</u>	-
Selling and administrative expenses	22	(7,360,969)	(409,195)
Profit from operation		<u>9,686,989</u>	<u>(409,195)</u>
Other income	23	2,409,893	-
Profit before interest and tax		<u>12,096,882</u>	<u>(409,195)</u>
Less: Finance cost	24	(5,311,042)	-
Profit before tax		<u>6,785,840</u>	<u>(409,195)</u>
Income tax expenses	25	(3,337,063)	-
Net profit after tax		<u><u>3,448,777</u></u>	<u><u>(409,195)</u></u>

These financial statements should be read in conjunction with the annexed notes

Chairman


Director

Auditors Report to the Share holders
See annexed report of date

Dhaka, 27th April, 2021


Zahur & Mostafiz
Chartered Accountants

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Adani Bangladesh Ports Private Limited
Statement of changes in equity
For the year ended 31 March 2021

Particulars	Share capital (Taka)	Retained earning (Taka)	Share money deposit (Taka)	Total (Taka)
Balance as at 17 February 2020	-	-	-	-
Share capital issued during the year	5,500,000			5,500,000
Share money deposit during the year			34,100	34,100
Net profit for the year		(409,195)		(409,195)
Balance as at 31 March, 2020	<u>5,500,000</u>	<u>(409,195)</u>	<u>34,100</u>	<u>5,124,905</u>
Balance as at 1 April 2020	5,500,000	(409,195)	34,100	5,124,905
Share capital issued during the year	34,100		(34,100)	-
Share money deposit during the year			-	-
Net profit for the year		3,448,777		3,448,777
Balance as at 31 March, 2021	<u>5,534,100</u>	<u>3,039,582</u>	<u>-</u>	<u>8,573,682</u>

Chairman,


Director



ZAHUR & MOSTAFIZ

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Adani Bangladesh Ports Private Limited

Statement of cash flows

For the year ended 31 March 2021

	Mar-21 <u>Taka</u>	Mar-20 <u>Taka</u>
Cash flows from operating activities		
Net profit before tax	6,785,840	(409,195)
Adjustments for non-cash items		
Add: Depreciation	-	-
Operating profit before changes in working capital	<u>6,785,840</u>	<u>(409,195)</u>
Changes in working capital		
(Increase)/decrease in inventories	(102,268)	-
(Increase)/decrease in advance deposit & prepayments	(1,193,615)	-
(Increase)/decrease in accounts receivable	(20,534,871)	-
(Increase)/decrease in Director current account	(236,350)	236,350
(Increase)/decrease in accrued expenses	290,693	172,500
(Increase)/decrease in accounts payable	2,705,209	-
(Increase)/decrease in other liabilities	32,007,334	-
(Increase)/decrease in VAT current account	-	-
	<u>12,936,133</u>	<u>408,850</u>
Cash generated from operating activities	<u>19,721,973</u>	<u>(345)</u>
Less: Tax paid during the year	(2,794,837)	-
Net cash flow from operating activities	<u>16,927,136</u>	<u>(345)</u>
Cash flows from investing activities		
Increase of the preliminary expenses	-	-
Acquisition of property, plant and equipment	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities		
Issuance of paid up capital	-	5,500,000
Increase/(decrease) in share money deposit	-	34,100
Short term borrowings	110,946,000	-
Net cash used in financing activities	<u>110,946,000</u>	<u>5,534,100</u>
Net increase/(decrease) in cash and cash equivalents for the year	<u>127,873,136</u>	<u>5,533,755</u>
Cash and cash equivalents at the beginning of the year	5,533,755	-
Cash and cash equivalents at the end of the year	<u>133,406,891</u>	<u>5,533,755</u>

Chairman


Director

Zahur & Mostafiz, a partnership firm established in Bangladesh, is the member firm of Kreston International, a global network of accounting firms.



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Adani Bangladesh Ports Private Limited
Notes to the financial statements
For the year ended 31 March 2021

1 Corporate Information

1.01 Background of the company

Adani Bangladesh Ports Private Limited ("ABPPL" or "the Company") is a private limited company incorporated in Bangladesh as on 17th February, 2020 as a 100% subsidiary of Adani Ports and Special Economic Zone Limited (Parent Company or "APSEZL") vide registration number C-159512/2020 under the Companies Act, 1994. The registered office of the company is situated at Dhaka, Bangladesh.

1.02 Principal activity

The main activities of the company is to carry on with an objective for Dredging, port and land development activities in Bangladesh.

2 Basis of preparation

2.01 Statement of compliance

These financial statement are individual financial statements of Adani Bangladesh Ports Private Limited and have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994 and other applicable laws in Bangladesh. These individual financial statements present the financial position and performance of Adani Bangladesh Ports Private Limited

International Financial Reporting Standards (IFRS) comprise:

- a) International Financial Reporting Standards
- b) International Accounting Standards
- c) Interpretations

Companies also complies with the following laws and regulations:

- The Income Tax Ordinance, 1984
- The Income Tax Rules, 1984
- The Value Added Tax Act, 2012
- The Value Added Tax Rules, 2016
- The Foreign Exchange Regulation Act, 1947

2.02

Sl. No.	IAS/ IFRS No.	Name of the standards	Applied For
1	IAS-1	Presentation of Financial Statements	Presentation of financial statements
2	IAS-2	Inventories	Valuation of inventories
3	IAS-7	Statements of cash flows	Fair presentation of cash flows
4	IAS-8	Accounting policies, changes in accounting estimates and errors	Making fair estimates, adopting accounting policies and correcting accounting unintentional
5	IAS-10	Events after the reporting periods	For events occurred after the reporting period
6	IAS-12	Income Taxes	For determining and recording current and deferred tax
7	IAS-16	Property, plant and equipment	For recognizing and presenting property, plant and equipment of the company
8	IAS-19	Employee benefits	For recording employee benefits



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9	IAS-21	The effects of changes in foreign exchange rates	For recording and presenting exchange rate effects of the company
10	IAS-23	Borrowing costs	For recording and presenting borrowing costs of the company
11	IAS-24	Related party disclosures	For identifying and presenting related party transactions
12	IAS-32	Financial instruments presentation	For presenting the financial instruments of the company
13	IAS-33	Earnings per share	For presenting earning per share of the company
14	IAS-36	Impairment of assets	For testing impairment of the assets of the company
15	IAS-37	Provisions, contingent liabilities and contingent assets	For determining the provision amounta and identifying and presenting contingent assets amd contingent liabilities of the company
16	IFRS-5	Non-current Assets Held for Sale and Discontinued Operations	For recording and presenting Non-current Assets Held for Sale and Discontinued Operations of the company
17	IFRS-9	Financial instruments	For recognizing and presenting financial instruments of the company
18	IFRS-13	Fair value measurement	For fair value presentation
19	IFRS-15	Revenue from contracts with customers	For recognizing and presenting revenue of the company

2.03 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates (‘the functional currency’). These financial statements are presented in Bangladesh Taka (“BDT”) which is also the functional currency of the Company. As a result of these rounding off, in some instances the totals may not match the sum of individual balances.

2.04 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. 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.

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.



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2.05 Reporting period

The reporting period of the company covers from 1 April, 2020 to March 31, 2021

2.06 Going concern

The company has adequate resources to continue in operation for the foreseeable future. For this reason, the directors continue adopt going concern basis in preparing the financial statements. The current resources of the company provide sufficient fund to meet the present requirements of its existing business

3 Summary of significant accounting policies

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current year's presentation.

3.01 Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii) expected to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) 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.

3.02 Offsetting

The company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short, are presented net in the statement of cash flows.



3.03 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and capitalised borrowing costs. The obligations for costs of dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When major parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Subsequent costs

The cost of replacing or upgradation of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

No depreciation is charged on land and capital work in progress (CWIP) as the land has unlimited useful life and CWIP has not yet been placed in service.

Depreciation on other items of property, plant and equipment is recognised on a accumulated depreciation basis over the estimated useful life of each item of property, plant and equipment. The range of estimated useful lives shown below depends on sub-category of the assets under the broad category. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current and comparative periods are as follows:

	Mar-20	
	Years	Rate
Furniture and fixtures	10 years	10%
Electric equipment	5 years	20%
Plant and machinery	5 years	20%
Office decoration	10 years	10%
Computer and computer accessories	5 years	20%

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.



(c) **Capital work in progress**

Capital work in progress consists of unfinished work at sites and capital inventory. Spare parts expected to be used for more than one year are treated as capital work in progress. In case of import of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the company.

3.04 Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long - term investments. Long - term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

3.05 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.

Financial instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Financial risk objective and policies

The Company's principal financial liabilities comprise trade and other payables, The main purpose of these financial liabilities is to finance the Company's operations/projects and to provide guarantees to support its operations. The Company's principal financial assets include cash and cash equivalents that derive directly from its operations.

The Company's risk management activities are subject to the management, direction and control under the framework of Risk Management Policy as approved by the Board of Directors of the Company. The Management ensures appropriate financial risk governance framework for the Company through appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

3.05.01 Financial assets

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified as Debt instruments at amortised cost



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 Company's 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 'passthrough' 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.

Impairment of financial assets:

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balances.

For recognition of impairment loss on other financial assets and risk exposure, the 12 Month ECL is used to provide if credit risk has not increased significantly and if credit risk has increased significantly, lifetime ECL is used.

ECL is the difference between all contracted cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR.

a) Accounts receivable

Accounts receivable represent the amount due from different parties for the services of sweeping and cleaning. Trade debtors, which generally have within 90 days terms, are recognized and carried at original invoiced amount.

b) Other receivable

Other receivables are recognized initially at fair value. Subsequent to initial recognition, other receivables are measured at amortized cost using the effective interest method, less any bad debts provisions

c) Inter-company receivables

Inter-company receivables are recognized initially at fair value. Subsequent to initial recognition, inter-company receivables are measured at amortized cost using the effective interest method.

d) Deposits

Deposits are measured at payment value which are expected to be recovered after completion a certain period.



- e) **Advance and prepayments**
After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or inventory etc.
Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges for the period
- f) **Cash and cash equivalents**
Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short term commitments.

3.05.02 **Financial liabilities**

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate. 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. The Company's financial liabilities include trade and other payables, loans and borrowings. The measurement of financial liabilities depends on their classification.

Derecognition

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.

Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses.

- a) **Accounts payable and other financial liabilities**
Accounts payable and other financial liabilities (payable to government and autonomous bodies, accrued interest, VAT payables and other liabilities) are recognized when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.
- b) **Inter-company payables**
Inter-company payables are recognized initially at fair value. Subsequent to initial recognition, inter-company payables are measured at amortized cost using the effective interest method.



c) **Loan and borrowing**

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. 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. This category generally applies to borrowings.

3.06 Inventories

Inventories are valued at lower of cost and net realisable value. Inventories comprise of raw materials, sub materials, machine parts, goods in transit, work in process, finished goods and fuel. Cost is determined on a weighted average basis in the case of raw materials, sub-materials and work-in-process. Cost of work-in-process includes material cost plus an attributable proportion of conversion cost up to completion of work. Machine parts are valued at actual cost. Goods-in-transit is valued at invoiced price after receiving the documents. Cost of finished goods includes total cost of materials, all direct expenditures and an attributable proportion of overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimate costs of completion of sale and selling expenses.

3.07 Impairment

Impairment losses are recognized in profit or losses. Impairment losses in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of other assets in the cash generating unit on a prorata basis. An impairment loss in respect of goodwill is not reversed. For other losses, an important loss is reversed only to the extent that the assets' carrying amount doesn't exceeded the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.08 Assets held for sale

Non-current assets that are expected to be recorded primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the company's accounting policies. Thereafter the assets are measured at the lower of the carrying amount and fair value less costs to sell.

3.09 Share capital

The company has only one class of equity shares having par value of BDT 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

3.10 Employee benefits

a) **Short term benefits**

Short term employee benefits obligations are recognized on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount of annual leave encashment based on the latest basic salary.



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b) **Defined benefit plans (gratuity)**

The company's net obligation in respect of defined plans is calculated separately for each plan by estimating benefit that employee have earned in the current period, discounting that amount and deducting the fair value of any plan assets.

3.11 **Income tax**

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) **Current tax**

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rates used for the reporting periods are as follows:

<u>Years</u>	<u>Tax Rate</u>
2020	35%
2021	32.5%

The tax rate is 32.5% on taxable profit. Disclosed net profit are adjusted to arrive at taxable profit after considering the certain deduction and allowances admissible as well as certain inadmissibility of expenses according to ITO-1984.

(b) **Deferred tax**

Deferred tax is recognised in compliance with IAS 12 Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and amounts used for taxation purpose. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12 **Accruals, provisions and contingencies**

(a) **Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade payables and others.



(b) **Provisions**

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(c) **Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

Contingent liabilities and assets are not recognised in the statement of financial position of the company. These are disclosed in the notes to the financial statements.

3.13 Revenue recognition policy

Revenue is recognized 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. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the business activities. Revenue is shown net of value added tax, return, rebates and discounts and after eliminating sales within the group. Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it satisfies a performance obligation by transferring control over goods or services to a customer.

The company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. Revenue from port operation services/multi-modal and transportation service including cargo handling, storage and rail infrastructure are recognized on proportionate completion method basis based on services completed till reporting date. Revenue on take-or-pay charges are recognized for the quantity that is the difference between annual agreed tonnage and actual quantity of cargo handled. The amount recognized as a revenue is exclusive of service tax and education cess where applicable.



3.14 Other income

It represent income earned from any activities other than Revenue from port operation services/multi-model and transportation service. It includes interest on bank deposit, sales of scrapes and wastages, claim from insurance and any other activities fallen under any category of revenue recognition.

3.15 Financial expenses

Financial expenses comprise of interest expense on long term loan, short term loan and finance lease. All such cost are recognized in the statement of profit or loss and other comprehensive income except those are capitalized in accordance with IAS-23: Borrowing cost. Borrowing costs directly attributable to the acquisition, construction or development of an asset/project that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.16 Earning per share

The Basic earning per share has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share , the profit 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.

3.17 Fair value measurement

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

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are:

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



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For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value.

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

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

-Financial instruments (including those carried at amortised cost)

3.18 Foreign currency transactions

The financial statements are presented in BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss as per IAS 21 The Effects of Changes in Foreign Exchange Rates.

3.19 Segment information

The Company is primarily engaged in the business of Dredging , developing, operating and maintaining the port based terminal infrastructure facilities. The entire business has been considered as a single segment in terms of on Segment Reporting as determined by chief operational decision maker. There being no business outside Bangladesh, the entire business has been considered as single geographic segment.

As per the company there are no supplier being covered under the Micro, Small and Medium Enterprises Development Act in Bangladesh. Accordingly no information is required to be reported in the financials.

3.20 Related party transactions

Outstanding balances of related parties at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions are entered into by the Company with the related parties during the existence of the related party relationship.



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3.21 Cash flow statement

Cash flow statement is prepared in accordance with IAS-7 "Cash Flow Statement" under indirect method.

3.22 Responsibility of the preparation and presentation of the financial statements

The management of the Company is responsible for the preparation and presentation of the financial statement.

3.23 Events after the reporting period

Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.



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	Mar-21 <u>Taka</u>	Mar-20 <u>Taka</u>
4 Property, plant and equipment		
Cost:		
Balance as at 1 April, 2020	-	-
Add: Additions during the year	-	-
	-	-
Less: Adjustments/disposal during the year	-	-
Balance as at 31 March, 2021	-	-
Accumulated depreciation:		
Balance as at 1 April, 2020	-	-
Add: Charged during the year	-	-
	-	-
Less: Adjustments/disposal during the year	-	-
Balance as at 31 March, 2021	-	-
Written down value as at 31 March (Annexure - A)	-	-
5 Inventories		
Stores, spares and consumables	102,268	-
	102,268	-
6 Advance, deposit and prepayments		
Non-trade receivable	584,658	-
Advance for expenses	608,957	-
	1,193,615	-
7 Accounts receivable		
Considered good	20,534,871	-
	20,534,871	-
8 Advance income tax		
Balance as at 1 April, 2020	-	-
Add: Tax on interest income	240,989	-
Add: Tax on operating revenue	2,553,848	-
	2,794,837	-
Adjustment: Income tax provision for F.Y. 2020-21	(2,794,837)	-
Balance as at 31 March, 2021	-	-
9 Cash and cash equivalents		
Margin money deposits with bank	60,302,093	-
Balance with banks-in deposit account	49,050,000	-
Cash at bank (Bank Asia Ltd-A/C-08533000432)	24,054,448	5,533,755
Cash at bank (Bank Asia Ltd-A/C-08533000430)	349	-
	133,406,891	5,533,755

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	Mar-21 Taka	Mar-20 Taka
10 Share capital		
Authorized capital		
10,00,000 ordinary shares of Taka 10 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and paid-up capital		
5,50,000 ordinary shares of Taka 10 each fully paid up. Details of shares held by the subscribers are as under:		
Name of the shareholders	Nationality	No. of shares
		2021
		2020
		2021
		2020
Capt. Sandeep Mehta	Indian	1
Adani Ports and Special Economic Zone Limited	Indian	553409
		549,999
		<u>550,000</u>
		<u>5,534,100</u>
		<u>5,499,990</u>
		<u>5,500,000</u>
11 Share money deposit		
Balance as at 1 April, 2020	34,100	-
Add: Addition during the year	-	34,100
	34,100	34,100
Less: issued during the year	34,100	-
Balance as at 31 March, 2021 (Share application money pending allotment)	<u>-</u>	<u>34,100</u>
11.1 Addition during the year:		
Capt. Sandeep Mehta	-	4,183
Adani Ports and Special Economic Zone Limited	-	29,918
Total addition during the year	<u>-</u>	<u>34,100</u>
12 Retained earnings		
Balance as at 1 April, 2020	(409,195)	-
Net profit for the year carried from profit and loss account	3,448,777	(409,195)
Balance as at 31 March, 2021	<u>3,039,582</u>	<u>(409,195)</u>
13 Director current account		
Balance as at 1 April, 2020	-	-
Add: Received during the year	-	236,350
	-	236,350
Less: Refund during the year	-	-
	<u>-</u>	<u>236,350</u>
14 Accrued expenses		
Legal and professional fees	-	150,000
Salary and allowances	290,693	-
Audit fees	172,500	-
Withholding VAT expenses	-	22,500
	<u>463,193</u>	<u>172,500</u>
15 Short term borrowings		
Unsecured loan-ICD from paren company	110,946,000	-
	<u>110,946,000</u>	<u>-</u>
16 Accounts payable		
Dues to creditors	2,705,209	-
	<u>2,705,209</u>	<u>-</u>
17 Other liabilities		
Advance from customers	30,000,000	-
Statutory liability	2,007,334	-
	<u>32,007,334</u>	<u>-</u>

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	Mar-21 <u>Taka</u>	Mar-20 <u>Taka</u>
18 VAT payable to NBR		
Balance as at 1 April, 2020	-	-
Add: Current year	-	-
	-	-
Less: Adjustment	-	-
Balance as at 31 March, 2021	-	-
19 Income tax provision		
Balance as at 1 April, 2020	-	-
Charged during this year on interest income	783,215	-
Charged during this year on operating revenue	2,553,848	-
	3,337,063	-
Less: Adjustment of advance income tax on interest income	(240,989)	-
Less: Adjustment of advance income tax on operating revenue	(2,553,848)	-
Balance 31 March 2021	542,226	-
20 Revenue		
Revenue from sale of construction service	21,076,973	-
Other operating income	459,510	-
Less: VAT on dredging and port development activities	-	-
	21,536,483	-
<i>The company have been generating revenue by dredging and land development activities. VAT is excluded from sales and the customer already paid the VAT amount.</i>		
21 Cost of service		
Operating cost	4,488,525	-
	4,488,525.00	-
<i>Cost of service included fuel, labour, rental of equipment in other ancillary matters and spares.</i>		
22 Selling and administrative expenses		
Bank charge	694,076	345
Marine expenses-others	459,510	-
Salaries, wages and bonus	1,769,606	-
Legal and professional fees	2,241,755	150,000
Licences and other fees	79,950	236,350
Office rent	618,888	-
Other repairs and maintenance	757,117	-
Advertisement and publicity	249,167	-
Printing and stationaries	287,500	-
Travelling and conveyance	30,900	-
Audit fees	172,500	-
Withholding VAT expenses	-	22,500
	7,360,969	409,195
23 Other income		
Ineterest income on bank deposit	2,409,893	-
	2,409,893	-

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	Mar-21 <u>Taka</u>	Mar-20 <u>Taka</u>
24 Finance cost		
Interest on loan	5,311,042	-
	5,311,042	-
25 Current tax		
Charged on business income	2,553,848	-
Charged on interest income	783,215	-
	3,337,063	-
26 Earning per share		
Profit attributable to equity shareholder of the company	-	-
Weighted average number of shares	-	-
Basic and diluted loss per share (In BDT)	-	-
27 Contingent liabilities		
The company is not contingently liable for any guarantee given to third party nor for any litigation as of 31 March 2021.		
27.1 Bill of exchange with the bank		
27.2 Guarantee outstanding		
27.3 Other contingent liability (Insurance claim)		
27.4 Claims against the company not acknowledged as debts		
27.5 Capital expenditure commitments		
i) Contracted but not accounted for		
ii) Approved but not contracted for		
27.6 Commitment for payment against L/C		
28 Number of employees		
The total number of office staff including worker at the end of the year is 2 (2021).		
<u>Particulars</u>	Number of employees (2021)	Number of employees(2020)
Headoffice	2	0
Total	2	0
29 Events after the reporting period		
The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of April 27, 2021, there were no subsequent events to be recognized or reported that are not already disclosed		

Chairman


 Director

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30 Related parties transactions

During the year the company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The name of the related parties, the nature of transactions and their total value have been set out below:

(A) Transactions with Related Parties
(Amount in BDT)

Name of the Party	Nature of the relationship	Nature of the transactions	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021
Adani Ports and Special Economic Zone Limited	Shareholder	Recovery of expenses (Reimbursement)	-	105,075,361

(B) Balances with Related Parties

Name of the Party	Nature of the relationship	Nature of the transactions	Opening Balance as on 1 April 2020	Addition	Adjustments	Closing Balance as on 31 March 2021
Adani Ports and Special Economic Zone Limited	Shareholder	Share Application money pending allotment	29,918	-	29,918	-
		Short term loan	-	110,946,000	-	110,946,000
		Trade Receivable	-	20,075,361	-	20,075,361
Total			29,918	131,021,361	29,918	131,021,361



Annexure - A

Adani Bangladesh Ports Private Limited
Schedule of property, plant and equipment
As at 31 March, 2021

(Figures in Bangladesh Taka)

Particulars	C O S T			Rate (%)	D E P R E C I A T I O N			Balance as at 31 March 2021
	Balance as on 1 April 2020	Additions during the year	Disposal during the year		Balance as on 1 April 2020	Charged for the year	Adjustments during the year	
Furniture and fixtures	-	-	-	10%	-	-	-	-
Electrical equipment	-	-	-	20%	-	-	-	-
Plant and machinery	-	-	-	20%	-	-	-	-
Office decoration	-	-	-	10%	-	-	-	-
Computer and computer accessories	-	-	-	20%	-	-	-	-
Total 2021	-	-	-		-	-	-	-
Total 2020	-	-	-		-	-	-	-

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