# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF GMR KRISHNAGIRI SIR LIMITED (FORMERLY KNOWN AS GMR KRISHNAGIRI SEZ LIMITED)

### Report on the audit of Financial Statements

### Opinion

1. We have audited the accompanying financial statements of **M/s. GMR Krishnagiri SIR Limited** (the **"Company"**), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements for the period then ended 31st March, 2021 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the company as at March 31, 2021, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year then ended.

### Basis for Opinion:

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

**Emphasis of Matters:**

4. We draw attention to Note no.32 of the financial statements, as regards the management's evaluation of COVID-19 impact on the future performance of the Company.

   Our opinion on the financial statements is not modified in respect of the above matters.

**Other Matter(s)**

5. The Financial Statements for the year ended March 31, 2020, which is audited by other than undersigned, who have expressed an unmodified opinion vide their audit report dated June 06, 2020, whose reports have been furnished to us and which have been relied upon by us, for the purpose of our audit.

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

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

6. The Company's Board of Directors 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 auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Management's Responsibility for the Financial Statements:**

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company 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 Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. 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.

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

**Auditor's Responsibilities for the Audit of the Financial Statements:**

10. 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 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 financial statements.

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

    (i) 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.

    (ii) 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

Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

(iv) 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.

(v) 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.

12. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

13. 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.

14. 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.

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

15. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in "**Annexure - A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extend applicable.

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

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

    e) On the basis of written representations received from the directors as on 31$^{st}$ March 2021 taken on record by the board of directors, none of the directors are disqualified as on 31$^{st}$ March, 2021 from being appointed as directors in terms of section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financials controls with reference to financial statements.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position;

        ii. The Company did not have long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For K.S Rao & Co.,**
Chartered Accountants
ICAI Firm Registration No: 003109S

Hitesh Kumar P Jain Digitally signed by Hitesh Kumar P Jain

**Hitesh Kumar P**
Partner
Membership No. 233734
UDIN: 21233734AAAAID9001

Place: Bengaluru
Date: May 07, 2021

**Annexure - A to the Independent Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March, 2021 we report that:

(i) In respect of the Company's fixed assets

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. (PPE)

(b) The Company has a program of verification to cover all the items Property, Plant and Equipment of in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The activities of the company during the year did not involve purchase of any inventory or sale of goods during the year, and accordingly Clause(ii) of Paragraph 3 of the Order is not applicable to the company for the year.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, Limited Liability Partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses from (iii) (a) to (iii) (c) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has no loans, investments, guarantee and security which meets the requirements of section 185 and 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of the clause 3 (v) of the Order are not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.

(vii) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, Goods and Service Tax, cess and other material statutory dues applicable to the company.

b) According to the information and explanations given to us, there were no undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and other material statutory dues which were outstanding, as at 31 March, 2021 for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Goods and Service Tax and Cess which have not been deposited on account of dispute.

(viii) The company have not taken any loans or borrowings from any financial institutions, banks and Government. According to the information and explanations given by the management, we are of the opinion that the Company has not issued any debentures and neither defaulted in repayment of dues to the debentures holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration to its Manager during the year. Accordingly, paragraph 3 (xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For K.S Rao & Co.,**
Chartered Accountants
ICAI Firm Registration No: 003109S

Hitesh Kumar P Jain
Digitally signed by Hitesh Kumar P Jain

**Hitesh Kumar P**
Partner
Membership No. 233734
UDIN: 21233734AAAAID9001

Place: Bengaluru
Date: May 07, 2021

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

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

We have audited the internal financial controls with reference to financial statements of M/s. **GMR Krishnagiri SIR LTD** ("the Company") as at 31 March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to 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 Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls 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 ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

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

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of the 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 financial reporting includes those policies and procedures that,

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements.**

Because of the inherent limitations of internal financial controls with reference to 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 detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2021, based on the internal control with reference to 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 Chartered Accountants of India.

**For K.S Rao & Co.,**
Chartered Accountants
ICAI Firm Registration No: 003109S

Hitesh Kumar P Jain
Digitally signed by Hitesh Kumar P Jain

**Hitesh Kumar P**
Partner
Membership No. 233734
UDIN: 21233734AAAAID9001

Place: Bengaluru
Date: May 07, 2021

**GMR Krishnagiri SIR Limited**
**(Formerly GMR Krishnagiri SEZ Limited)**
**CIN: U45209TN2007PLC064863**
**Statement of Audited financial results for the three months and year ended March 31, 2021**

**(Amount in ₹.)**

| | Particulars | Quarter ended | | | Year ended | |
|---|---|---|---|---|---|---|
| | | 31-Mar-21 | 31-Dec-20 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| | | (Refer Note 1) | Unaudited | (Refer Note 1) | Audited | Audited |
| A | **Continuing Operations** | | | | | |
| 1 | **Revenue** | | | | | |
| | **a) Revenue from operations** | | | | | |
| | i) Other operating income | - | - | - | - | - |
| | **b) Other income** | | | | | |
| | i) Others | 2,006,785 | 1,955,170 | 1,615,675 | 7,479,951 | 6,313,861 |
| | **Total revenue** | **2,006,785** | **1,955,170** | **1,615,675** | **7,479,951** | **6,313,861** |
| 2 | **Expenses** | | | | | |
| | (a) Employee benefits expense | 338,402 | 193,243 | 510,321 | 908,018 | 2,518,552 |
| | (b) Finance cost | 32,491,225 | 20 | - | 33,279,166 | 2,290,398 |
| | (c) Other expenses | 103,576,832 | 1,255,164,639 | 24,996,830 | 1,360,253,775 | 27,332,116 |
| | **Total expenses** | **136,406,459** | **1,255,357,902** | **25,507,151** | **1,394,440,959** | **32,141,067** |
| 3 | **Profit/(loss) from continuing operations before exceptional items and tax expense (1-2)** | **(134,399,674)** | **(1,253,402,732)** | **(23,891,476)** | **(1,386,961,008)** | **(25,827,206)** |
| 4 | Exceptional items | - | - | - | - | - |
| 5 | **Profit/(loss) from continuing operations before tax expenses (3 ± 4)** | **(134,399,674)** | **(1,253,402,732)** | **(23,891,476)** | **(1,386,961,008)** | **(25,827,206)** |
| 6 | **Tax expenses of continuing operations** | | | | | |
| | (a) Current tax | - | - | 27,600 | | 27,600 |
| | (b) Prior Period tax | - | - | - | 28,068 | - |
| | (c) Deferred tax | - | - | - | - | |
| 7 | **Profit/(loss) after tax from continuing operations (5 ± 6)** | **(134,399,674)** | **(1,253,402,732)** | **(23,919,076)** | **(1,386,989,076)** | **(25,854,806)** |
| B | **Discontinued Operations** | | | | | |
| 8 | **Profit/(loss) from discontinued operations before tax expenses** | - | - | - | - | - |
| 9 | **Tax expenses of discontined operations** | | | | | |
| | (a) Current tax | - | - | | - | - |
| | (c) Deferred tax | - | - | - | - | - |
| 10 | **Profit/(loss) after tax from discontinued operations (8 ± 9)** | **-** | **-** | **-** | **-** | **-** |
| 11 | **Profit/(loss) after tax for respective periods (7 + 10)** | **(134,399,674)** | **(1,253,402,732)** | **(23,919,076)** | **(1,386,989,076)** | **(25,854,806)** |
| 12 | **Other Comprehensive Income** | | | | | |
| | (A) (i) Items that will not be reclassified to profit or loss | - | - | - | | - |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | - | - | - | | - |
| | (B) (i) Items that will be reclassified to profit or loss | - | - | - | | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | | - |
| 13 | **Total other comprehensive income, net of tax for the respective periods** | **-** | **-** | **-** | | **-** |
| 14 | **Total comprehensive income for the respective periods (11 ± 13) [comprising Profit (loss) and Other comprehensive income (net of tax) for the respective periods]** | **(134,399,674)** | **(1,253,402,732)** | **(23,919,076)** | **(1,386,989,076)** | **(25,854,806)** |
| 15 | **Earnings per equity share** | | | | | |
| | i) Basic & diluted EPS | (11.80) | (10.66) | (0.22) | (11.80) | (0.22) |
| | ii) Basic & diluted EPS from continuing operations | (11.80) | (10.66) | (0.22) | (11.80) | (0.22) |
| | iii) Basic & diluted EPS from discontinued operations | - | - | - | - | - |

1. The figures of the quarter ended March 31, 2021 and March 31, 2020 are the balancing figures between the audited figures in respect of the full financial year and the unaudited year to date figures upto the third quarter of the relevant financial years.

2. The Company is engaged only in development of investment property and generation of rental revenue from the same. Accordingly the business activity falls within a single business segment in terms of Ind AS 108 on Operating Segments .

3. During the year the company has sold 210.74 Ac land to an Industrial Client and also signed a binding term sheet with the same Client for sale of additional land of 300.375 Ac. Accordingly, the Company has recognised loss on sale of assets held for the sale amounting to Rs.78.51 Crs ( Provisional impairment) in the Profit & loss account and the realisable value of 300.375 Ac land under the "asset held for sale" in the Balance Sheet as on March 31, 2021.

4. The Company has assessed the possible effects that may arise from the COVID-19 pandemic on the business. As on the current date, based on the assessment, the Company has concluded that the impact of COVID - 19 pandemic is not material on the carrying value of the assets of the business. Due to the nature of the pandemic and the resultant operational guidelines that may be announced by the governments in future, the Company will continue to monitor the developments to identify significant impact, if any in the future period.

5. The total current liabilities of the Company as on March 31, 2021 was Rs. 286.02 Crores and the current assets as on that date was Rs. 95.86 Crores. The current liabilities includes a loan amount of Rs. 266.46 crores due to its fellow subsidiary company M/s. GMR Tambaram Tindivanam Expressway Limited. The parent company, M/s. GMR Infrastructure Limited (GIL) has committed the support to the Company in meeting its operational and financial obligations. Based on business projections and the support letter from GIL, the management is confident of meeting its short term business obligations.

**For K.S.Rao & Co.,**
Chartered Accountants
ICAI Firm Registeration Number 003109S

Hitesh Kumar P Jain
Digitally signed by Hitesh Kumar P Jain
Date: 2021.05.07 23:49:07 +05'30'

**Hitesh Kumar P**
Partner
Membership No. 233734

For and on behalf of the board of directors of
GMR Krishnagiri SIR Limited

MANDA SRINIVAS

**Manda Srinivas**
Director
DIN 08511523

MOHAN RAO MURTHY

**Mohanrao M**
Director
DIN 02506274

Sanjay Kumar Jain

**Sanjay Kumar Jain**
Company Secretary

Govind a Bhat P

**Govind Bhat Padyana**
Chief Financials Officer

Place : Bangalore
Date: 7th May 2021

Place : Chennai
Date: 7th May 2021

**GMR Krishnagiri SIR Limited**
**(Formerly GMR Krishnagiri SEZ Limited)**
**CIN: U45209TN2007PLC064863**
**Balance Sheet as at March 31, 2021**

(Amount in ₹.)

| Particulars | Notes | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **I ASSETS** | | | |
| **(1) Non-current assets** | | | |
| (a) Property, Plant and Equipment | 3 | 1,730,980 | 2,637,374 |
| (b) Investment Property under construction | 4 | 4,488,948,939 | 6,906,841,233 |
| (c) Other Intangible Assets | 5 | 913 | 44,135 |
| (d) Financial Assets | | | |
| (i) Loans | 6 | 2,669,100 | 2,669,100 |
| (e) Other non-current assets | 8 | 146,465,299 | 106,214,621 |
| (f) Non Current taxes (net) | 9 | 5,078,041 | 487,598 |
| (g) Deferred tax asset (net) | 9 | 208,381 | 277,187 |
| **(2) Current assets** | | | |
| (a) Financial Assets | | | |
| (i) Investments | 7 | 10,003,940 | - |
| (ii) Cash and cash equivalents | 10 | 13,254,459 | 53,279,256 |
| (iii) Others | 11 | 1,257,646 | 3,348,988 |
| (iv) Loans | 6 | 1,561,454 | - |
| (b) Other current assets | 12 | 1,363,118 | 1,399,669 |
| **(3) Asset Classified as held for sale** | 4a | 931,178,000 | - |
| **Total Assets** | | **5,603,720,270** | **7,077,199,161** |
| **II EQUITY AND LIABILITIES** | | | |
| **(1) Equity** | | | |
| (a) Equity Share capital | 13 | 1,175,000,000 | 1,175,000,000 |
| (b) Other Equity | 14 | (1,454,310,748) | (56,872,839) |
| **LIABILITIES** | | | |
| **(2) Non-current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 1,193,993,952 | 3,546,220,944 |
| (ii) Other financial liabilities | 18 | 1,820,550,243 | 2,316,097,350 |
| (b) Provisions | 16 | 7,599,117 | 4,382,876 |
| **(3) Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | 2,664,635,935 | - |
| (ii) Trade Payables | 17 | | |
| - Dues of MSME | | - | - |
| - Dues of others | | 7,260,799 | 9,472,429 |
| (iii) Other financial liabilities | 18 | 121,784,416 | 55,210,523 |
| (b) Other current liabilities | 19 | 66,533,426 | 26,708,010 |
| (c) Provisions | 16 | 673,130 | 979,867 |
| **Total Equity and Liabilities** | | **5,603,720,270** | **7,077,199,161** |

As per our of even date
**For K.S.Rao & Co.,**
Chartered Accountants
ICAI Firm Registeration Number 003109S

Hitesh Kumar P Jain
Digitally signed by Hitesh Kumar P Jain
Date: 2021.05.07 23:50:55 +05'30'

**Hitesh Kumar P**
Partner
Membership No. 233734

Place : Bangalore
Date: 7th May 2021

For and on behalf of the board of directors of
**GMR Krishnagiri SIR Limited**

MANDA SRINIVAS

**Manda Srinivas**
Director
DIN 08511523

MOHAN RAO MURTHY

**Mohanrao M**
Director
DIN 02506274

Sanjay Kumar Jain

**Sanjay Kumar Jain**
Company Secretary

Govinda Bhat P

**Govind Bhat Padyana**
Chief Financials Officer

Place : Chennai
Date: 7th May 2021

**GMR Krishnagiri SIR Limited**
**(Formerly GMR Krishnagiri SEZ Limited)**
**CIN: U45209TN2007PLC064863**
**Statement of Profit and Loss for the year ended March 31, 2021**

**(Amount in ₹.)**

| | Particulars | Notes | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|---|
| **I** | **REVENUE** | | | |
| | Revenue From Operations | | - | - |
| | Other Income | 20 | 7,479,951 | 6,313,861 |
| | **Total Revenue (I)** | | **7,479,951** | **6,313,861** |
| **II** | **EXPENSES** | | | |
| | Employee Benefits Expense | 21 | 908,018 | 2,518,552 |
| | Finance Costs | 23 | 33,279,166 | 2,290,398 |
| | Other Expenses | 22 | 1,360,253,775 | 27,332,116 |
| | **Total expenses (II)** | | **1,394,440,959** | **32,141,066** |
| **III** | Profit before exceptional items and tax (I-II) | | **(1,386,961,008)** | **(25,827,205)** |
| **IV** | Exceptional Items | | - | |
| **V** | Profit/(loss) before tax (III-IV) | | **(1,386,961,008)** | **(25,827,205)** |
| **VI** | Tax expense: | | | |
| **(1)** | Current Tax | | - | 27,600 |
| **(2)** | Adjustments of tax relating to earlier year | | 28,068 | |
| **(3)** | Deferred Tax | | - | - |
| **VII** | Profit/(loss) for the period (V-VI) | | **(1,386,989,076)** | **(25,854,805)** |
| **VIII** | Other Comprehensive Income | | | |
| | **A Items that will be reclassified to profit or loss** | | | |
| | **B Items that will not be reclassified to profit or loss** | | | |
| | Re-measurement gains (losses) on defined benefit plans | 4 | - | - |
| | Income tax effect | | - | - |
| **IX** | Total Comprehensive Income for the period (VII + VIII) | | **(1,386,989,076)** | **(25,854,805)** |
| **X** | Earnings per equity share: | | | |
| | (1) Basic | 24 | (11.80) | (0.22) |

**For K.S.Rao & Co.,**
Chartered Accountants
ICAI Firm Registeration Number 003109S

Hitesh Kumar P Jain
Digitally signed by Hitesh Kumar P Jain
Date: 2021.05.07 23:52:36 +05'30'

**Hitesh Kumar P**
Partner
Membership No. 233734

Place : Bangalore
Date: 7th May 2021

For and on behalf of the board of directors of
**GMR Krishnagiri SIR Limited**

MANDA SRINIVAS

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Chief Financials Officer

Place : Chennai
Date: 7th May 2021

**GMR Krishnagiri SIR Limited**
**(Formerly GMR Krishnagiri SEZ Limited)**
**CIN: U45209TN2007PLC064863**
**Statement of cash flows for the year ended 31 March 2021**

(Amount in ₹.)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **I. *Cash flow from operating activities:*** | | |
| A. *Profit before tax* | (1,386,989,076) | (25,854,805) |
| B. *Adjustment for non-cash transactions:* | | |
| a. Depreciation and amortization expenses | - | - |
| b. Interest Income due to Ind AS Adjustment | (7,479,951) | - |
| c. Loss of sale of asset | 570,931,503 | |
| d. Provision for estimated loss on sale of asset | 785,168,134 | |
| e. Investment WIP written-off | - | 24,704,634 |
| | **1,348,619,686** | **24,704,634** |
| C. *Adjustment for investing and financing activities:* | | |
| Interest income earned | - | - |
| Interest expense | 33,279,166 | (4,008,599) |
| | **33,279,166** | **(4,008,599)** |
| D. *Adjustment for changes in working capital:* | | |
| a. Decrease / (increase) in other financial assets | 2,091,342 | (1,700,487) |
| b. Decrease / (increase) in other current assets | (40,214,127) | (10,451,622) |
| c. (Decrease) /Increase in trade payables | (2,211,630) | 5,119,857 |
| (Decrease) /Increase in other non current financial liabilities | | 1,450,000,000 |
| d. (Decrease) /Increase in other financial liabilities | (500,356,263) | (415,912,820) |
| e. (Decrease) /Increase in other current liabilities | 32,343,601 | (4,699,931) |
| f. (Decrease) /Increase in provisions | 2,909,504 | 390,809 |
| | **(505,437,572)** | **1,022,745,806** |
| E. *Cash generated from operations (A+B+C+D)* | **(510,527,796)** | **1,017,587,035** |
| Less: Direct taxes paid (net of refunds) | (4,521,637) | (435,306) |
| ***Net cash flow from operating activities (I)*** | **(515,049,433)** | **1,017,151,729** |
| **II. *Cash flows from investing activities*** | | |
| a. Purchase of investment property | 1,486,714,293.72 | (589,949,611) |
| b. Profit/(Loss) from disposal of investment property | (1,356,099,637) | |
| c. Purchase of property, plant and equipment | 949,616 | (834,857) |
| d. Payments to capital creditors, other non-current assets (net of written off's) | | (24,704,634) |
| e. Proceeds from sale/(investment) in current investments | (10,003,940) | - |
| f. Loans (given to) / repaid by others | (1,561,454) | (228,370) |
| g. Interest Income received | - | - |
| ***Net cash flow from/ (used in) investing activities (II)*** | **119,998,878** | **(615,717,472)** |
| **III. *Cash flows from financing activities*** | | |
| a. Proceeds from borrowings | 943,060,806 | 227,066,000 |
| b. Repayment of borrowings | (630,650,000) | (65,251,863) |
| c. Interest paid | 42,614,951 | (511,602,697) |
| ***Net cash flow (used in) financing activities (III)*** | **355,025,758** | **(349,788,560)** |
| **IV. *Net (decrease) in cash and cash equivalents (I + II + III)*** | **(40,024,797)** | **51,645,697** |
| Cash and cash equivalents at the beginning of the year | 53,279,256 | 1,633,559 |
| Cash and cash equivalents acquired through merger | - | - |
| **V. *Cash and cash equivalents at the end of the year*** | **13,254,459** | **53,279,256** |
| **IV. *Components of cash and cash equivalents:*** | | |
| a. Cash on hand | 338,595 | 51,939 |
| b. Cheques, Drafts and Stamps on hand | - | - |
| c. With banks: | | |
| i. On Current Account | 12,915,864 | 53,227,317 |
| ii. On Deposit Account having original maturity less than tree months | - | - |
| ***Total cash and cash equivalents*** | **13,254,459** | **53,279,256** |

**for K.S.Rao & Co.,**
Chartered Accountants
ICAI Firm Registeration Number 003109S

Hitesh Kumar P Jain
Digitally signed by Hitesh Kumar P Jain
Date: 2021.05.07 23:54:28 +05'30'

**Hitesh Kumar P**
Partner
Membership No. 233734

For and on behalf of the board of directors of
**GMR Krishnagiri SIR Limited**

MANDA SRINIVAS

MOHAN RAO MURTHY

**Manda Srinivas**
Director
DIN 08511523

**Mohanrao M**
Director
DIN 02506274

Sanjay Kumar Jain

Govinda Bhat P

**Sanjay Kumar Jain**
Company Secretary

**Govind Bhat Padyana**
Chief Financials Officer

Place : Bangalore
Date: 7th May 2021

Place : Chennai
Date: 7th May 2021

**GMR Krishnagiri SIR Limited**
**(Formerly GMR Krishnagiri SEZ Limited)**
**CIN: U45209TN2007PLC064863**
**Statement of Changes in Equity for the year ended March 31, 2021**
**(Amounts in Rupees, unless otherwise stated)**

**(Amount in ₹.)**

| | Attributable to the equity holders of the parent | | | | |
|---|---|---|---|---|---|
| | **Issued capital** | **Equity component of loans** | **Retained earnings** | **Total** | **Total equity** |
| **At April 01, 2019** | 1,175,000,000 | 181,568,508 | (206,287,544) | 1,150,280,964 | 1,150,280,964 |
| Profit for the period | - | - | (25,854,805) | (25,854,805) | (25,854,805) |
| Fair Valuation of corporatee Guarantee | - | - | (6,298,997) | (6,298,997) | (6,298,997) |
| **At March 31, 2020** | **1,175,000,000** | **181,568,508** | **(238,441,347)** | **1,118,127,161** | **1,118,127,161** |
| Profit for the period | - | - | (1,386,989,076) | (1,386,989,076) | (1,386,989,076) |
| Fair Valuation of corporatee Guarantee | - | - | (10,448,833) | (10,448,833) | (10,448,833) |
| **At March 31, 2021** | **1,175,000,000** | **181,568,508** | **(1,635,879,256)** | **(279,310,748)** | **(279,310,748)** |

**For K.S.Rao & Co.,**
**Chartered Accountants**
**ICAI Firm Registeration Number 003109S**

Hitesh Kumar P Jain
Digitally signed by Hitesh Kumar P Jain
Date: 2021.05.07 23:59:21 +05'30'

**Hitesh Kumar P**
**Partner**
**Membership No. 233734**

Place : Bangalore
Date: 7th May 2021

For and on behalf of the board of directors of
**GMR Krishnagiri SIR Limited**

MANDA SRINIVAS

**Manda Srinivas**
Director
DIN 08511523

MOHAN RAO MURTHY

**Mohanrao M**
Director
DIN 02506274

Sanjay Kumar Jain

**Sanjay Kumar Jain**
Company Secretary

Govinda Bhat P

**Govind Bhat Padyana**
Chief Financials Officer

Place : Chennai
Date: 7th May 2021

# 1. Corporate Information

Tamil Nadu Industrial Development Corporation Limited (TIDCO), through international competitive bidding has selected GMR Infrastructure Limited (GIL) as Joint Venture Partner to develop a Multi-product Special Economic Zone (SEZ) in Krishnagiri District of Tamil Nadu, India. A Memorandum of Understanding (MOU) was entered in to with TIDCO on August 6, 2007. GIL has incorporated GMR Krishnagiri SEZ Ltd (GKSEZ) on 24th September 2007 as its wholly owned subsidiary. Due to the changes in the industrial scenario, GKSEZ decided to develop a Special Investment Region instead of the SEZ and received the approval from the appropriate Government Authorities. The name of the company has been changed to GMR Krishnagiri SIR Ltd on 05th January 2018. The company signed the Associate Sector Agreement & Service Agreements with TIDCO in July 2019. The company is planning to create the necessary infrastructure required for setting up of industries in the Region and thus promoting the industrial growth and all round development of the region. The work of land levelling, road, water facilities, power supply, street lighting, gardening etc are in progress.

The registered office of the company is located in Chennai, India.

Information on other related party relationships of the Company is provided in Note 28.

The financial statements were approved for issue in accordance with a resolution of the directors on 07.05.2021

# 2. Significant Accounting Policies

## A. Basis of preparation

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of Companies Act, 2013 (the 'Act') (to the extent notified). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (INR).

## B. Summary of significant accounting policies

### a. 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:

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

All other assets are classified as non-current. A liability is current when it is:

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

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### b. Property, plant and equipment

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

Land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset are derecognised when replaced. Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property,

plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

On Transition to Ind AS, the Company has availed the optional exemption on "Long term Foreign currency Monetary items" and has accordingly continued with the policy to adjust the exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset recognised in the financial statements for the period ended 31 March 2016 ( as per previous GAAP) to the cost of the tangible asset and depreciates the same over the remaining life of the asset. In accordance with the Ministry of Corporate Affairs ('MCA') circular dated August 09, 2012, exchange differences adjusted to the cost of tangible fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## c. Depreciation on Property, plant and equipment

Depreciation on the Property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of the Companies Act, 2013 except for assets individually costing less than Rs. 5,000 which are fully depreciated in the year of acquisition and certain items of building, plant and equipment, the Company, based on technical assessment made by technical expert and management estimate, believes that the useful lives of such assets are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The Property, plant and equipment acquired under finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of lease term.

Depreciation on adjustments to the historical cost of the assets on account of foreign exchange fluctuations is provided prospectively over the residual useful life of the asset.

## d. Investment properties

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

### e. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets include software etc and their useful lives are assessed as either finite or indefinite.

### Research and development cost:

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an ‘intangible asset’ when all of the below conditions are met:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
ii. The Company’s intention to complete the asset and use or sell it
iii. The Company has ability to use or sell the asset

iv. It can be demonstrated how the asset will generate probable future economic benefits
v. Adequate technical, financial and other resources to complete the development and to use or sell the asset are available, and
vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

## f. Amortisation of intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets (Software licences etc) are amortised over the useful life of 6 years as estimated by the management.

## g. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. 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.

## h. Leases

**Company as a lessee:**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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

Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

i) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or

ii) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

**Company as a lessor:**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease

## i. Inventories

Inventories are valued as follows:

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

Contract work-in-progress:
Costs incurred that relate to future activities on the contract are recognised as contract work-in-progress. Contract work-in-progress comprises of construction cost and other directly attributable overheads and are measured at lower of cost and net realisable value.

Traded / Finished goods:
Traded goods are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition.

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

### j. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units' (CGUs) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### k. Provisions, Contingent liabilities, Contingent assets, and Commitments

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost."

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outfow of resources is remote

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date

## l. Retirement and other Employee Benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Retirement benefit in the form of provident fund, pension fund, superannuation fund etc. are defined contribution scheme. The Company has no obligation, other than the contribution payable.

The Company recognizes contribution payable as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognised each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through

OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

i) The date of the plan amendment or curtailment, and

ii) The date that the Company recognises related restructuring costs

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

i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

*ii)* Net interest expense or income

**Long term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

## m. 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 assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

i) Debt instruments at amortised cost

ii) Debt instruments at fair value through other comprehensive income (FVTOCI)

iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

v) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

vi) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

vii) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

viii) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

*ix) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance*

*x) Financial assets that are debt instruments and are measured as at FVTOCI*

*xi) Lease receivables under Ind AS 17*

*xii) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18*

*xiii) Loan commitments which are not measured as at FVTPL*

*xiv) Financial guarantee contracts which are not measured as at FVTPL*

The company follows 'simplified approach' for recognition of impairment loss allowance on;

*xv) Trade receivables or contract revenue receivables; and*

*xvi) All lease receivables resulting from transactions within the scope of Ind AS 17*

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

*xvii) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument*

*xviii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms*

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date:

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

*xix) Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.*

*xx) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.*

*xxi) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.*

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**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, or as derivatives designated as hedging instruments in an effective hedge, 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 including bank overdrafts, financial guarantee contracts and derivative financial instruments."

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss :**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings :**

This is the category most relevant to the company. 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.

**Financial guarantee contracts:**

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 (including impairment gains or losses) or interest."

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## n. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## o. Fair value measurement

The Company measures financial instruments, such as, derivatives 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 either:

*i)* *In the principal market for the asset or liability, or*

*ii)* *In the absence of a principal market, in the most advantageous market for the asset or liability*

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation

Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

At each reporting date, the Company 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 Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

## p. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

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

ii. On disposal of current investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss. Such income is included under the head 'other operating income' for companies engaged in investing activities and under the head 'other income' for other companies in the statement of profit and loss.
iii. Insurance claim is recognised on acceptance of the claims by the insurance company.

Revenue earned in excess of billings has been included under 'other assets' as unbilled revenue and billings in excess of revenue has been disclosed under 'other liabilities' as unearned revenue.

Expenditure including pre-operative and other incidental expenses incurred by the Group on projects that are in the process of commissioning, being recoverable from the respective SPVs / subsidiaries incorporated for carrying out these projects, are not charged to the statement of profit and loss and are treated as advances to the respective entities.

The Company applied Ind AS 115 for the first time from April 1, 2018. Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

In current financial year, Company does not have any revenue arising from contract with customers and thus there is no impact on the financial statements of the company on account this new revenue recognition standard.

**Interest income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

**Dividends**

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

**q. Taxes**

Tax expense comprises current and deferred tax.

**Current income tax**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate."

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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, except:

iii) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

iv) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

**r. Corporate Social Responsibility ('CSR') expenditure**

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

**3. Property, plant and equipment** (Amount in ₹.)

| Particulars | Leasehold Improvements | Furniture & fixtures | Office equipment | Vehicles | Electrical Fittings | Building | Total |
|---|---|---|---|---|---|---|---|
| **Gross Block** | | | | | | | |
| **As at April 01, 2019** | **24,000,916** | **2,402,091** | **2,114,150** | **1,414,557** | **541,207** | **6,581,162** | **37,054,084** |
| Additions | - | - | 483,973 | - | | - | 483,973 |
| Disposals | - | | 99,111 | 134,640 | | | 233,751 |
| **As at March 31, 2020** | **24,000,916** | **2,402,091** | **2,499,012** | **1,279,917** | **541,207** | **6,581,162** | **37,304,306** |
| Additions | - | - | 46,610 | - | | - | 46,610 |
| Disposals | - | - | - | - | | | - |
| **As at March 31, 2021** | **24,000,916** | **2,402,091** | **2,545,623** | **1,279,917** | **541,207** | **6,581,162** | **37,350,916** |
| **Depreciation** | | | | | | | |
| **As at April 01, 2019** | 24,000,915 | 777,112 | 1,246,058 | 815,847 | 222,060 | 6,581,161 | **33,643,153** |
| Charge for the year | - | 328,424 | 444,478 | 408,789 | 55,915 | - | 1,237,605 |
| Disposals | - | | 99,110 | 114,716 | | | 213,826 |
| **As at March 31, 2020** | **24,000,915** | **1,105,536** | **1,591,426** | **1,109,920** | **277,974** | **6,581,161** | **34,666,932** |
| Charge for the period | - | 290,047 | 521,108 | 85,935 | 55,915 | - | 953,004 |
| Disposals | - | - | - | - | | | - |
| **As at March 31, 2021** | **24,000,915** | **1,395,582** | **2,112,533** | **1,195,855** | **333,889** | **6,581,161** | **35,619,936** |
| **Net block** | | | | | | | |
| As at March 31, 2021 | **1** | **1,006,509** | **433,089** | **84,062** | **207,318** | **1** | **1,730,980** |
| As at March 31, 2020 | **1** | **1,296,556** | **907,587** | **169,997** | **263,233** | **1** | **2,637,374** |

**4. Investment Property under construction** (Amount in ₹.)

| Particulars | Total |
|---|---|
| **As at April 01, 2019** | **6,312,387,192** |
| Add: Additions during the year | 594,454,041 |
| Less: Disposal | - |
| **As at March 31, 2020** | **6,906,841,233** |
| Add: Additions during the period | 572,679,342 |
| Less: Reduction due to asset sold | (1,224,225,503) |
| Less: Transfer to asset held for sale (Note No.4(a)) | (1,716,346,134) |
| Less: Regrouped to Capital advance | (50,000,000) |
| **As at March 31, 2021** | **4,488,948,939** |
| **Depreciation and impairment** | |
| **As at April 01, 2019** | - |
| Add: Depreciation | - |
| Less: Disposal | |
| **As at March 31, 2020** | - |
| Add: Depreciation | - |
| Less: Disposal | |
| **As at March 31, 2021** | - |
| **Net Block** | |
| **As at March 31, 2021** | **4,488,948,939** |
| **As at March 31, 2020** | **6,906,841,233** |

The Company's investment properties under construction consist of Lands admeasuring 814.25 Acres (2020: 1325.369 Acres) in Krishnagiri District, Tamilnadu having the fair values of Rs.488.42 Crs (2020: Rs.741.73 Cr) as on March 31, 2021 as per the valuation report provided by M. Nagesh Reddy B.E, F.I.V, by applying valuation model in accordance with that recommended by the International Valuation Standards Committee, London.

Of the above land of 814.25 acres, lands admeasuring to 295 acres are mortgaged to Bank of Baroda/Viajaya Bank and 63 Acres mortgaged to Union Bank of India / Andhra Bank towards security against loans taken by Holding Company, GMR Infrastructure Limited. To that extent the Company has restrictions on the realisability of its investment properties.

Following details of Investment property fair value is based on the valuation report provided by M. Nagesh Reddy B.E, F.I.V. as on January 16, 2021:

**Investment Property Fair value reconciliation** (₹ in crores)

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **As at the beginning of the period** | **741.73** | **685.47** |
| Fair value difference | 40.75 | 56.26 |
| Purchases | - | - |
| Less: Disposal | (294.06) | |
| **As at end of the period* ( As on March 31, 2021)** | **488.42** | **741.73** |

**Valuation technique used -**

Belting method has been adopted for valuation that means by applying appropriate rate per Acre for each plot considering the factors such as location, Location features, Size & shape of the land/plot availability, Topography, Soil Conditions, encumbrances, infrastructure, land use regulations, Government legislation etc. and finally average out rate per acre for entire piece of land.

**4(a) Asset held for sale** **Amount in Rs.**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Cost of Asset held for sale (300.375 acres) | 1,716,346,134 | - |
| Less : Impairment provision | (785,168,134) | - |
| **Total** | **931,178,000** | - |

The Company has sold 210.74 acres to an Industrial Client and has executed a binding term sheet to sell 300.375 acres. Realisable value of 300.375 Ac land has been classified as asset held for sale and provision made for the difference between the cost and realisable value.

**5. Intangible Assets** **(Amount in ₹.)**

| Particulars | Software | Total |
|---|---|---|
| **Gross block** | | |
| **As at April 01, 2019** | **2,818,448** | **2,818,448** |
| Additions | - | - |
| Disposals | - | - |
| **As at March 31, 2020** | **2,818,448** | **2,818,448** |
| Additions | - | - |
| Disposals | - | - |
| **As at March 31, 2021** | **2,818,448** | **2,818,448** |
| | | |
| **Amortization** | **2,713,013** | **2,713,013** |
| Charge for the year | 61,300 | 61,300 |
| Disposals | - | - |
| **As at March 31, 2020** | **2,774,313** | **2,774,313** |
| Charge for the period | 43,222 | 43,222 |
| Disposals | - | - |
| **As at March 31, 2021** | **2,817,535** | **2,817,535** |
| | | |
| **Net block** | | - |
| **As at March 31, 2021** | **913** | **913** |
| **As at March 31, 2020** | **44,135** | **44,135** |

**GMR Krishnagiri SIR Limited**
**(Formerly GMR Krishnagiri SEZ Limited)**
**CIN: U45209TN2007PLC064863**
**Notes to the Financial Statements for the year ended March 31, 2021**
**(Amounts in Rupees, unless otherwise stated)**

(Amount in ₹.)

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **6** | **Financial Assets - Loans** | | |
| | **Non-Current** | | |
| | **Security deposits** | | |
| | Unsecured, considered good, to related parties | - | - |
| | Unsecured, considered good, to other parties | 2,669,100 | 2,669,100 |
| | | 2,669,100 | 2,669,100 |
| | **Current** | | |
| | Loans and Advances-emloyees | 1,561,454 | |
| | | 1,561,454 | - |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **7** | **Financial Assets - Investments** | | |
| | **Current** | | |
| | Investments carried at fair value | | |
| | Mutual funds (unquoted) | 10,003,940 | - |
| | 8,993.137 (Mar'20 : Nil) units of Rs.1,112.9372 fully paid up of Birla Sun Life Liquid fund - Growth Regular plan | | |
| | **Total Current Investments** | 10,003,940 | - |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **8** | **Other Non-Current assets** | | |
| | Advances recoverable in cash or kinds | | |
| | **Capital advance :** | | |
| | With government authority | 50,000,000 | |
| | Others | 3,774,680 | 3,774,680 |
| | Balance with statutory / government Authorities | 92,690,619 | 102,439,941 |
| | | **146,465,299** | **106,214,621** |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **9** | **Non Current taxes** | | |
| | Advance income tax (net of provision) | 5,078,041 | 487,598 |
| | | **5,078,041** | **487,598** |
| | Deferred Tax | | |
| | -MAT Credit | 208,381 | 277,187 |
| | | **208,381** | **277,187** |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **10** | **Cash and cash equivalents** | | |
| | -Cash on hand | 338,595 | 51,939 |
| | -Balances with Banks | | |
| | -In current accounts | 12,915,864 | 53,227,317 |
| | | **13,254,459** | **53,279,256** |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **11** | **Financial Assets - Others** | | |
| | Other Financial Assets | | |
| | Advances recoverable in cash or kinds- Related Parties | 1,257,646 | 3,348,988 |
| | | **1,257,646** | **3,348,988** |

| | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **12** | **Other current assets** | | |
| | Advances recoverable in cash or kinds | 63,385 | 93,337 |
| | | | - |
| | Prepaid expenses | 1,299,733 | 1,306,332 |
| | | **1,363,118** | **1,399,669** |

**(Amount in ₹.)**

| **13 Share Capital** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **A. Authorised Share Capital** | | |
| 15,10,00,000 (2020:15,10,00,000) Equity Shares of Rs.10 (2020: Rs.10) each | 1,510,000,000 | 1,510,000,000 |
| **B. Issued, Subscribed and Fully Paid up:** | | |
| 11,75,00,000 (2020: 11,75,00,000) Equity Shares of Rs.10 (2020: Rs. 10) each fully paid up | 1,175,000,000 | 1,175,000,000 |
| **C. Reconciliation of the shares outstanding at the beginning and at the end year** | | |
| In No. of Shares | | |
| At the Beginning of the Period | 117,500,000 | 117,500,000 |
| During the year | - | - |
| At the end of the year | 117,500,000 | 117,500,000 |
| In Value of Shares | | |
| At the Beginning of the year | 1,175,000,000 | 1,175,000,000 |
| During the year | - | - |
| At the end of the year | 1,175,000,000 | 1,175,000,000 |

**D. Terms/Rights Attached to equity Shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Every member holding equity shares shall have voting rights in proportion to his shares of the paid up equity share capital. In the event of liquidation of the Company, the holders of equity shares would 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.

| | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **E. Shares held by holding /ultimate holding company /holding company and/or their subsidiaries/associates.** | | |
| GMR Infrastructure Limited and its nominees, the immediate holding company. | 1,175,000,000 | 1,175,000,000 |
| 11,75,00,000 (2020: 11,75,00,000) Equity Shares of Rs.10 each fully paid up | | |
| **F. Details of Shareholders holding more than 5% of equity shares in the Company** | | |
| GMR Infrastructure Limited and its nominees, the immediate holding company. | | |
| - In Numbers | 117,500,000 | 117,500,000 |
| - In % of holding | 100% | 100% |

| **14 Other Equity** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Retained Earnings | | |
| At the beginning of the year | (238,441,347) | (206,287,544) |
| Add: Profit for the Period | (1,386,989,076) | (25,854,805) |
| Add: Adjustments due to adoption of Ind AS | (10,448,833) | (6,298,997) |
| At the end of the period | **(1,635,879,256)** | **(238,441,347)** |
| Equity component of financial liabilities | | |
| At the beginning of the year | 181,568,508 | 181,568,508 |
| Adjustment for the removal of the intercompany transactions | - | - |
| At the end of the period | **181,568,508** | **181,568,508** |
| | | |
| | **(1,454,310,748)** | **(56,872,839)** |

**(Amount in ₹.)**

| 15 **Financial Liabilities - Borrowings** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **Non-Current** | | |
| 142 (2020: 142) Cumulative Optionally Convertible Debentures of Rs.10,00,000 (2020: 10,00,000) each. | 142,000,000 | 142,000,000 |
| Loans from group company (unsecured) | 1,051,993,952 | 3,404,220,944 |
| | **1,193,993,952** | **3,546,220,944** |
| **Current** | | |
| Loans from group company (unsecured)* | 2,664,635,935 | - |
| | **2,664,635,935** | **-** |
| **Note:** | | |
| | **As at March 31, 2021** | **As at March 31, 2020** |
| **Non Current** | | |
| 12% Cumulative optionally convertible Debentures of Rs. 10 Lakhs Each # | 142,000,000 | 142,000,000 |
| 12.25 % Loan from GMR Infrastructure Limited | 184,751,113 | 544,451,113 |
| 6%(11%) Loan from GMR Tambaram and Tindivaram Expresswayd Ltd | - | 2,008,500,000 |
| 12.25 % Loan from Honeyflower Estates Private Limited | 16,450,000 | 18,950,000 |
| 12.25% Loan from GMR Highways Limited | 826,717,839 | 670,753,831 |
| 12.25% loan from GMR Infrastructure Ltd., | | 158,466,000 |
| 12.25% Loan from GMR SEZ & Port Holdings Limited | 24,075,000 | 3,100,000 |
| | **1,193,993,952** | **3,546,220,944** |
| **Current** | | |
| 6% Loan from Tambaram and Tindivaram Expresswayd Ltd # # | 2,664,635,935 | |
| | **2,664,635,935** | **-** |

# The debentures are optionally convertible, at the option of the debenture holders, at any time not exceeding 120 months (the term) from the date of issue of debentures into equity shares at a valuation to be mutually agreed upon as per the valuation to be done by a reputed Chartered Accountant firm at the time of conversion. In case the option is not exercised by the debenture hoder, the Debentures shall be converted by the Company into Equity Shares on the expiry of the aforesaid period.

# # Loan is repayable on or before September 2021, hence classified as short term borrowings.

| 16 **Provisions** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **Non-Current** | | |
| Provision for Compensated Absences | 5,466,675 | 3,416,904 |
| Provision for Gratuity | 2,132,442 | 965,972 |
| | **7,599,117** | **4,382,876** |
| **Current** | | |
| Provision for Compensated Absences | 604,334 | 924,421 |
| Provision for other employee benefits | 68,796 | 55,446 |
| | **673,130** | **979,867** |

| 17 **Trade payables** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Trade Payable | | |
| - Micro, Small and Medium Enterprises | - | - |
| - Related parties | 192,156 | - |
| - Others | 7,068,643 | 9,472,429 |
| | **7,260,799** | **9,472,429** |

**(Amount in ₹.)**

| 18 | **Financial Liabilities - Others** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| | **Non-Current** | | |
| | Interest accrued but not due on borrowings-Related Party | 367,583,224 | 866,097,350 |
| | Security deposits from Related Party # | 1,450,000,000 | 1,450,000,000 |
| | Non trade payable | - | - |
| | Finance liability - corporate Guarantee | 2,967,019 | - |
| | | **1,820,550,243** | **2,316,097,350** |
| | **Current** | | |
| | Interest accrued but not due on borrowings -Related Party | 95,152,739 | 19,258,622 |
| | Non trade payable | 21,584,857 | 30,906,945 |
| | Finance liability - corporate Guarantee | 5,046,820 | 5,044,956 |
| | | **121,784,416** | **55,210,523** |

# The company has entered into a MOU with M/s Raxa Security Services Limited (Raxa) for constructing office space / training center. Raxa has given an interest bearing security deposit of Rs. 145 Crores. The Company is in the process of buying the required lands and taking necessary Government approvals for this purpose. Management is confident of buying the required land and getting the required Government approval at earliest.

| 19 | **Other current liabilities** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| | Advance for sale of Investment Property | 49,466,700 | - |
| | Statutory liabilities | 17,066,726 | 26,708,010 |
| | | **66,533,426** | **26,708,010** |

**GMR Krishnagiri SIR Limited**
**(Formerly GMR Krishnagiri SEZ Limited)**
**CIN: U45209TN2007PLC064863**
**Notes to the Financial Statements for the year ended March 31, 2021**
**(Amounts in Rupees, unless otherwise stated)**

(Amount in ₹.)

| 20 | Other income | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| | Other non-operating income | 7,479,951 | 6,313,861 |
| | Interest - Others | - | - |
| | | **7,479,951** | **6,313,861** |

| 21 | Employee Benefit Expenses | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| | a) Salaries and wages and Bonus | 840,311 | 2,418,180 |
| | b) Contribution to provident and other funds | 38,845 | 79,267 |
| | c) Staff welfare expenses | 28,862 | 21,105 |
| | | **908,018** | **2,518,552** |

| 22 | Other Expenses | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| | Rates and taxes | 302,016 | 1,383,318 |
| | Advertising and sales promotion | 24,649 | 15,078 |
| | Recruitment expenses | 2,150 | 9,750 |
| | Printing and stationery | 34,241 | 6,014 |
| | Books & periodicals | 792 | - |
| | Director Sitting fees | 15,000 | 60,000 |
| | Trining Expenses | - | 20,732 |
| | Brokerage Exenses | 764,048 | - |
| | Communication Expenses | 9,780 | 2,983 |
| | Membership and subscriptions | 43,074 | 60,210 |
| | Social welfare expenses | 794,840 | 889,822 |
| | Provision for doubtful advance | 948,777 | - |
| | Loss on sale of Investment Property | 570,931,503 | - |
| | Provision for impairment of the asset held for Sale | 785,168,134 | - |
| | Land levelling expenses | 279,920 | - |
| | Office Maintenance | 240 | 246,500 |
| | Bank Charges | 1,218 | 303 |
| | Board meeting expenses | 1,415 | 3,742 |
| | Travelling and Conveyance | 19,638 | 266,399 |
| | Legal and Professional fees | 669,485 | 24,165,717 |
| | - Audit Fee | 200,000 | 200,000 |
| | - Reimbursement of expenses | - | 1,548 |
| | Miscellaneous expenses | 42,855 | - |
| | | **1,360,253,775** | **27,332,116** |

| 23 | Finance cost | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| | Interest | 33,279,166 | 2,290,398 |
| | | **33,279,166** | **2,290,398** |

| 24 | Earnings per Equity Share | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| | a) Profit for the period attributable to equity share holders | (1,386,989,076) | (25,854,805) |
| | b) Weighted average number of equity shares of Rs. 10/-each | 117,500,000 | 117,500,000 |
| | c) Earnings per equity share (Basic and Diluted) = (a/b) | **(11.80)** | **(0.22)** |

**(Amount in ₹.)**

## 25 Significant accounting judgements, estimates and assumptions

The preparation of the company's 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, and 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 consolidated 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.

**Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**Defined benefit plans (gratuity benefits)**

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

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

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

**Fair value measurement of financial instruments**

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

## 26 Gratuity and other post-employment benefit plans

**a) Defined Contribution Plans :**

The Company's Contribution to Provident and Pension Fund charged to Investment properties are as follows :

**Amount in INR**

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Provident and pension fund | 418,052 | 578,600 |
| **Total** | **418,052** | **578,600** |

(Amount in ₹.)

**b) Defined Benefit Plan - Gratuity as per Actuarial Valuation as at March 31, 2021 [Funded]**

Amount in INR

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| i) Change in defined benefit obligation | | |
| Opening defined benefit obligation | 3,914,010 | 3,495,230 |
| Current Service Cost | 203,521 | 295,357 |
| Interest cost | 231,207 | 260,563 |
| Past Service Cost | - | - |
| Acquisition Cost/(Credit) | 2,390,574 | - |
| Actuarial loss / (gain) on obligations - experience | 28,873 | (3,594) |
| Benefits paid | (1,027,804) | (133,546) |
| Closing defined benefit obligation | **5,740,381** | **3,914,010** |
| ii) Change in fair value of plan assets: | | |
| Fair value of Plan Assets at the beginning of the year | 2,948,038 | 2,825,272 |
| Acquisition adjustment | - | - |
| Interest income on plan assets | 217,071 | 210,392 |
| Return on plan assets greater /(lesser) than discount rate | (45,549) | 26,274 |
| Contributions by employer | 1,516,183 | 19,646 |
| Benefits paid | (1,027,804) | (133,546) |
| Closing fair value of plan assets | **3,607,939** | **2,948,038** |
| iii) Amount Recognized in the Balance Sheet | | |
| Present Value of Obligation as at year end | 5,740,381 | 3,914,010 |
| Fair Value of plan assets at year end | 3,607,939 | 2,948,038 |
| Funded status | **2,132,442** | **965,972** |
| Less : Asset ceiling adjustment | **-** | **-** |
| Net defined benefit asset/ (liability) recognized | **2,132,442** | **965,972** |
| iv) Expenses recognised during the period | | |
| In Investment properties | | |
| Current Service Cost | 203,521 | 295,357 |
| Net interest on net defined benefit liability / (asset) | 231,207 | 260,563 |
| | 434,728 | 555,920 |
| In Investment properties | | |
| Actuarial (gain)/loss on defined benefit obligation - | 28,873 | (3,594) |
| Actuarial changes arising from changes in demographic | | |
| Actuarial changes arising from changes in financial | | |
| Return on plan assets (greater)/less than discount rate | (45,549) | 26,274 |
| | **(16,676)** | 22,680 |
| Total expense | **418,052** | **578,600** |
| Investment with Insurer managed funds | 100% | 100% |
| vi) Principal actuarial assumptions used | | |
| Discount rate (p.a.) | 6.80% | 7.60% |
| Expected rate of return on plan assets (p.a.) | 6.80% | 7.60% |
| Expected rate of increase in salary | 6.00% | 6.00% |
| Attrition Rate | 5.00% | 5.00% |
| Retirement Age | 60 Years | 60 Years |

**c) Leave Encashment**

Liability towards Leave Encashment based on Actuarial valuation amounts to Rs. 60,71,009 as at March 31, 2021 [March 31, 2020: Rs. 43,41,325/-).

**27 Commitments and Contingencies**

**(Amount in ₹.)**

**I Contingent Liabilities**

The Company has a contingent liability towards its lands pledged against the loan availed by its holding company, GMR Infrastructure Limited as below as on March 31, 2021:

| Name of the Party | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No.of Acres | (Rupees in Crs.) | No.of Acres | (Rupees in Crs.) |
| - Life Insurance Corporation of India | - | - | 687 | 85.71 |
| - Bank of Baroda | 295 | 224.54 | 295 | 171.61 |
| - Union Bank of India | 63 | 61.00 | - | - |
| | 358 | 285.54 | 982 | 257.32 |

(Rupees in Crs.)

| II Commitments | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances). | NIL | 4.10 |
| | - | 4.10 |

**28 Related Party transactions**

**(A) Names of Related parties and nature of related party relationships**

| Nature of Relation | Name of the Related Party |
|---|---|
| (a) Fellow Subsidiaries | GMR Tambaram Tindivanam Expressway Limited (GTTEL) |
| | Advika Properties Private Limited (APPL) |
| | Amartya Properties Private Limited (Amartya) |
| | Geokno India Private Limited(Geokno) |
| | GMR Corporate Affairs Private Limited (GCAPL) |
| | GMR Highways Private Limited (GHPL) |
| | GMR Power Corporation Ltd (GPCL) |
| | GMR Rajamundhry Energy Ltd (GREL) |
| | GMR SEZ & Port Holdings Limited (GSPHL) |
| | GMR Tuni Anakapalli Expressway Limited (GTAEL) |
| | GMR Varalakshmi Foundation GMRVF |
| | Padmapriya Properties Private Limited (PPPL) |
| | Radhapriya Properties Private Limited (RPPL) |
| | Raxa Security Services Limited (RSSL) |
| (b) Holding company | GMR Infrastructure Limited |
| | GMR Enterprise Private Limited |
| (c) Key management personnel | Mr. Jagadeeswara Rao M - Manager |
| | Mr. Govind Bhat Padyana - Chief Financial Officer |
| | Mr. Sanjay Kumar Jain - Company Secretary |

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(Amount in ₹.)

**(B) Summary of transactions with the above related parties is as follows:**

| Particulars | For the year ended March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **i) Inter Corporate Loan taken** | | |
| Enterprises that control the Company – GIL | 56,834,000 | 158,466,000 |
| Fellow subsidiary – GHWL | 155,964,008 | - |
| Fellow subsidiary – HFEPL | 9,500,000 | 7,200,000 |
| Fellow subsidiary – GTTEL | 656,135,935 | - |
| Fellow subsidiary – GSPHL | 50,225,000 | 61,400,000 |
| Fellow subsidiary – PPPL | 14,400,000 | |
| **ii) Refund of Inter Corporate Loan :** | | |
| Enterprises that control the Company – GIL | 575,000,000 | - |
| Fellow subsidiary – GSPHL | 29,250,000 | 58,300,000 |
| Fellow subsidiary – HFEPL | 12,000,000 | 6,950,000 |
| Fellow subsidiary – PPPL | 14,400,000 | |
| **iii) Security Charges paid to :** | | |
| Fellow subsidiary – RSSL | 3,304,435 | 3,239,045 |
| **iv) Interest on 12% ( previous year : 12%) Cumulative Optionally Convertible Debentures** | | |
| Enterprises that control the Company – GIL | 17,040,000 | 17,086,685 |
| **v) Interest on Inter Corporate Loan** | | |
| Fellow subsidiary – GTTEPL | 141,326,587 | 221,540,301 |
| Fellow subsidiary – GSPHL | 2,004,966 | 2,121,935 |
| Enterprises that control the Company – GIL | 72,235,029 | 76,223,524 |
| Fellow subsidiary – GHWL | 94,572,892 | 82,392,460 |
| Fellow subsidiary – HFEPL | 2,425,148 | 1,903,919 |
| Fellow subsidiary – PPPL | 230,915 | - |
| **vi) Annual License Fee for trade license rights** | | |
| Enterprises that control the Company – GHPL | 1,000 | - |
| **vii) Reimbursement of Expenses to:** | | |
| Fellow subsidiary – CPPL | - | 5,000 |
| Fellow subsidiary – GMRVF | 184,840 | 906,214 |
| Fellow subsidiary – RPPL | - | 1,600 |
| Enterprises that control the Company - GIL | 9,219,947 | 6,431,778 |
| Fellow subsidiary-GCAPL | - | 289,100 |
| Fellow subsidiary – APPL | - | 585 |
| Fellow subsidiary – Amartya | | 31 |
| **viii) Reimbursement of Expenses by:** | | |
| Enterprises that control the Company – GIL | 492,898 | 314,002 |
| **ix) Security deposit received from :** | | |
| Fellow subsidiary – RSSL | - | 1,450,000,000 |
| **x) Interest on Security deposit :** | | |
| Fellow subsidiary – RSSL | 176,867,132 | 130,621,328 |
| **xi) Interest income of Corporate Guarantee** | | |
| Enterprises that control the Company – GIL | 7,479,951.15 | 6,313,861.00 |

**(Amount in ₹.)**

**(C) Outstanding Balances at the year-end :**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **i) Allotment of Equity Share Capital** | | |
| Holding Company – GIL | 1,175,000,000 | 1,175,000,000 |
| **ii) 12% Cumulative Optionally Convertible Debentures** | | |
| Holding Company – GIL | 142,000,000 | 142,000,000 |
| **iii) Interest due on 12% (Previous year: 12%) Cumulative Optionally Convertible Debentures** | | |
| Holding Company – GIL | 16,954,800 | 17,040,000 |
| **iv) Inter Corporate Loan taken** | | |
| Fellow subsidiary – GTTEPL | 2,664,635,935 | 2,008,500,000 |
| Fellow subsidiary – GHWL | 826,717,839 | 670,753,831 |
| Fellow subsidiary – HFEPL | 16,450,000 | 18,950,000 |
| Holding Company – GIL | 184,751,113 | 702,917,113 |
| Fellow subsidiary – GSPHPL | 24,075,000 | 3,100,000 |
| Fellow subsidiary – PPPL | - | |
| **v) Interest due on Inter Corporate Loan** | | |
| Fellow subsidiary – GTTEPL | 78,197,939 | 603,606,803 |
| Fellow subsidiary – GHWL | 64,294,102 | 127,437,307 |
| Holding Company – GIL | 126,177,094 | 135,053,240 |
| Fellow subsidiary – HFEPL | 4,367,706 | 2,124,443 |
| Fellow subsidiary – GSPHPL | 2,067,540 | 64,580 |
| Fellow subsidiary – PPPL | - | - |
| Fellow subsidiary – RSSL | 170,676,782 | 459,601 |
| **vi) Debtors / Receivable** | | |
| Holding Company – GIL | 308,870 | 600,830 |
| Fellow subsidiary – Geokno | 498,142 | 498,142 |
| Fellow subsidiary – GSPHPL | - | 1,799,381 |
| Fellow subsidiary-GREL | 948,777 | 948,777 |
| **vii) Security Deposit received** | | |
| Fellow subsidiary – RSSL | 1,450,000,000 | 1,450,000,000 |

**29. Effective tax reco**

**Income tax expenses in the statement of profit and loss consist of the following:**

| | Year ended 31-Mar-21 | Year ended 31-Mar-20 |
|---|---|---|
| **Tax expenses** | | |
| Current tax | - | - |
| Deferred tax | - | - |
| **Total taxes** | - | - |

**Effective Tax Reconciliation for the year ended March 31, 2021**
**(Amount in Rupees , unless otherwise stated)**

| Income tax | Year ended 31-Mar-21 | Year ended 31-Mar-20 |
|---|---|---|
| **Accounting profit before tax** | **-1,386,961,008** | **-25,827,205** |
| Tax rate | 26.00% | 25.75% |
| **Tax at the applicable tax rate of 26% (March 31, 2020: 25.75%)** | **(360,609,862)** | (6,650,505) |
| Deferred tax** | 360,609,862 | 6,650,505 |
| **At the effective income tax rate** | - | **-** |
| **Total tax expense reported in the statement of profit and loss** | **-** | **27,600.00** |

**(Amount in ₹.)**

**Deferred tax asset has not been recognized on brought forward losses as there is no probability/convincing or other evidence that sufficient taxable profits will be available against which DTA will be adjusted.

**30 Fair values**

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the financial statements is reasonable approximation of fair values.

31 **Fair Value Hierarchy**

The following table provide the fair value measurement hierarchy of the company's financial assets and liabilities.

Quantitative doisclosures of fair value measurement hierarchy for financial instruments as at March 31, 2021 :

| **Paticulars** | **Total Value** | **Fair value measurement using** | | |
|---|---|---|---|---|
| | | **Quoted prices in active markets (Level-1)** | **Significant observable inputs (Level-2)** | **Significant unobservable Inputs(Level-3)** |
| **Financial Assets :** | | | | |
| **Designated at fair value through profit or loss :** | | | | |
| Investments in quoted instruments (Mutual Funds) | 10,003,940.00 | 10,003,940.00 | - | - |
| **Designated at amortised cost :** | | | | |
| Loans | 4,230,554.00 | - | - | 4,230,554.00 |
| Cash and Bank Balances | 13,254,459.00 | - | - | 13,254,459.00 |
| Other Financial Assets | 1,257,646.00 | - | - | 1,257,646.00 |
| **Financial Liabilities :** | | | | |
| **Designated at Amortised Cost :** | | | | |
| Borrowings | 2,664,635,935.00 | - | - | 2,664,635,935.00 |
| Trade Payables | 7,260,799.00 | - | - | 7,260,799.00 |
| Other Financial liabilities | 121,784,416.00 | - | - | 121,784,416.00 |

Quantitative doisclosures of fair value measurement hierarchy for financial instruments as at March 31, 2020 :

| **Paticulars** | **Total Value** | **Fair value measurement using** | | |
|---|---|---|---|---|
| | | **Quoted prices in active markets (Level-1)** | **Significant observable inputs (Level-2)** | **Significant unobservable Inputs(Level-3)** |
| **Financial Assets :** | | | | |
| **Designated at fair value through profit or loss :** | | | | |
| Investments in quoted instruments (Mutual Funds) | - | - | - | - |
| **Designated at amortised cost :** | | | | |
| Loans | 2,669,100.00 | - | - | 2,669,100.00 |
| Cash and Bank Balances | 53,279,256.00 | - | - | 53,279,256.00 |
| Other Financial Assets | 3,348,988.00 | - | - | 3,348,988.00 |
| **Financial Liabilities :** | | | | |
| **Designated at Amortised Cost :** | | | | |
| Borrowings | - | - | - | - |
| Trade Payables | 9,472,429.00 | - | - | 9,472,429.00 |
| Other Financial liabilities | 55,210,523.41 | - | - | 55,210,523.41 |

**32** The Company has assessed the possible effects that may arise from the COVID-19 pandemic on the business. As on the current date, based on the assessment, the Company has concluded that the impact of COVID - 19 pandemic is not material on the carrying value of the assets of the business. Due to the nature of the pandemic and the resultant operational guidelines that may be announced by the governments in future, the Company will continue to monitor the developments to identify significant impact, if any in the future period.

**(Amount in ₹.)**

**33 Financial risk management objectives and policies**

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**34 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations, provisions.
The following assumptions have been made in calculating the sensitivity analyses:
► The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have fluctuating interest rate borrowings, thus company does not have any interest rate risk.

**35 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt.

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Borrowings | 3,858,629,887 | 3,546,220,944 |
| **Total debt (A)** | 3,858,629,887 | 3,546,220,944 |
| **Capital Components** | | |
| share Capital | 1,175,000,000 | 1,175,000,000 |
| Other equity | (1,454,310,748) | (56,872,839) |
| Total Capital | -279,310,748 | 1,118,127,161 |
| **Capital and net debt (B)** | **3,579,319,139** | **4,664,348,105** |
| **Gearing ratio (A/B) (%)** | 107.80% | 76.03% |

**36** Previous period figures have been regrouped or rearranged wherever necessary to confirm to current year classification.

**For K.S.Rao & Co.,**
Chartered Accountants
ICAI Firm Registeration Number 003109S

Hitesh Kumar P Jain
Digitally signed by Hitesh Kumar P Jain
Date: 2021.05.07 23:56:36 +05'30'

**Hitesh Kumar P**
Partner
Membership No. 233734

Place : Bangalore
Date: 7th May 2021

For and on behalf of the board of directors of
**GMR Krishnagiri SIR Limited**

MANDA SRINIVAS

**Manda Srinivas**
Director
DIN 08511523

MOHAN RAO MURTHY

**Mohanrao M**
Director
DIN 02506274

Sanjay Kumar Jain

**Sanjay Kumar Jain**
Company Secretary

Govinda Bhat P

**Govind Bhat Padyana**
Chief Financials Officer

Place : Chennai
Date: 7th May 2021