

# SUNIL VIJAY & ASSOCIATES

Chartered Accountants

R-700, New Rajinder Nagar, New Delhi – 110 060

Ph.: 011-45093369, Fax: 011-28743577,

Email: sunilvijay22@rediffmail.com

## INDEPENDENT AUDITOR'S REPORT

To the Members of

**GVK Perambalur SEZ Private Limited**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the accompanying standalone financial statements of **GVK Perambalur SEZ Private Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

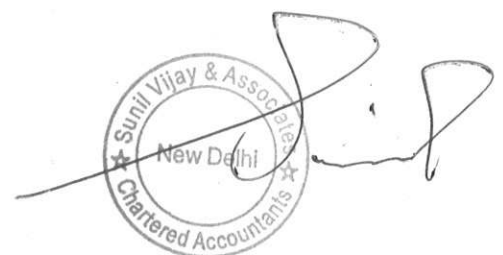
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.



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

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

The annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

## **Responsibility of Management for Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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Materiality is the magnitude of misstatements in the standalone 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.

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the balance sheet, the statement of profit and loss, the statement of changes in equity and the cash flow statement dealt by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rules made thereunder and in force for the time being;
  - e. on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2023, from being appointed as a director in terms of Section 164 (2) of the Act;



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- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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, as at 31<sup>st</sup> March 2023, have any material foreseeable losses relating to long term contracts including derivative contracts.
    - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31<sup>st</sup> March, 2023.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure B', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**For Sunil Vijay & Associates**

**Chartered Accountants**

**Firm Registration No. 005802N**

  
**Sunil Chadha**  
**Partner**

M. No. 030409

UDIN No. : **23030409BGXJKY2991**

Place : Delhi

Date: 05-May-2023



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**Annexure A to the Independent Auditor's report** (Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of GVK Perambalur SEZ Private Limited of even date)

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

We have audited the internal financial controls over financial reporting of GVK Perambalur SEZ Private Limited ("the Company") as of 31<sup>st</sup> March, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

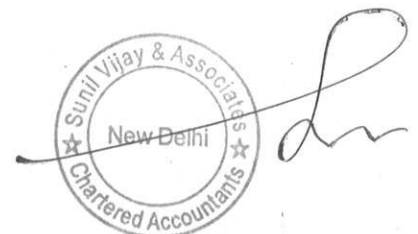
### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





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We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

## Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sunil Vijay & Associates  
Chartered Accountants  
Firm Registration No. 005802N

Sunil Chadha  
Partner

M. No. 030409

UDIN No. : 23030409BGXJKY2991

Place : Delhi

Date: 05-May-2023



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## **Annexure B to the Independent Auditor's Report**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of GVK Perambalur SEZ Private Limited.

- (i) The Company has no fixed assets, hence clause (i) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (ii) The company does not have any inventory, hence clause (ii) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In Our opinion and according to the information and explanation given to us, the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made, guarantees and securities given have been complied by the Company
- (v) The Company has not accepted deposits and therefore compliance of directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the companies Act and the rules framed there under doesn't arise.
- (vi) The company is not engaged in production of goods or providing services and therefore cost records in the terms of section 148(1) of the Act are not required to be maintained.
- (vii) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, cess and material statutory dues applicable to it.  
(b) According to the information and explanation given to us, there are no dues which have not been deposited on account of any dispute.
- (viii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowed to bank(s) and financial institution(s), Government or debenture holders during the year under report.





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- (ix) The company has not raised any money through public offer or term loans and therefore the clause (ix) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (x) Based upon the audit procedures performed and according the information and explanation given to us, we report that no fraud on or by the company has been noticed or reported during the year under report.
- (xi) The company has not paid or provided any managerial remuneration and therefore the clause (xi) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (xii) The Company is not a Nidhi Company. Therefore, paragraph 3(xii) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (xiii) According to the information and explanation given to us, the Company has complied with Sections 177 and 188 of companies Act 2013 in respect of all related party transactions and have been properly disclosed in the financial statements as required by the applicable Accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and therefore the clause (xiv) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (xv) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi)(a) of the Order are not applicable to the Company.
- (xvi) In our opinion and based on our examination, the Company does not require to comply with provision of section 138 of the Act. Hence, the provisions stated in paragraph 3(xiv) (a) to (b) of the Order are not applicable to the Company.
- (xvii) Based on the overall review of standalone financial statements of the Company has incurred cash losses in the current financial year and in the immediately preceding financial year. The details of the same are as follows:

Particulars	March 31, 2023	March 31, 2022
Cash Loss for the financial year	(5,67,35,686)	(5,28,46,690)



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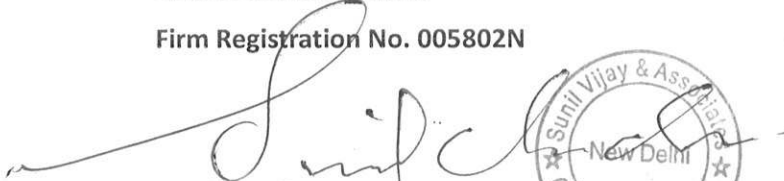
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- (xviii) According to the information and explanations given to us, the provisions of section 135 of the Act are not applicable to the Company. Hence, the provisions of paragraph (xx)(a) to (b) of the Order are not applicable to the Company.
- (xix) The Company has not entered into any non-cash transactions with directors or persons connected with him and therefore the clause (xv) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (xx) According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realization of financial assets and payment of liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- (xxi) There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph clause 3 (xviii) of the Order are not applicable to the Company.

**For Sunil Vijay & Associates**

**Chartered Accountants**

**Firm Registration No. 005802N**



**Sunil Chadha**

**Partner**

**M. No. 030409**

**UDIN No. : 23030409BGXJKY2991**

**Place : Delhi**

**Date: 05-May-2023**

GVK Perambalur SEZ Private Limited  
Balance Sheet as at March 31, 2023  
(All amounts in Rupees, unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	29,230	70,325
Investment properties	4	1,165,460,718	1,165,460,718
Deferred tax assets	12(b)	324,766,418	295,742,458
<b>Total non-current assets</b>		<b>1,490,256,366</b>	<b>1,461,273,501</b>
<b>Current assets</b>			
Financial Assets			
- Cash and cash equivalents	5(a)	269,294	447,254
- Other financial assets	5(b)	711,432	611,432
Other current assets	5(c)	19,356,394	9,206,301
<b>Total current assets</b>		<b>20,337,120</b>	<b>10,264,987</b>
<b>Total Assets</b>		<b>1,510,593,487</b>	<b>1,471,538,488</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	6	100,000	100,000
Other equity	7	200,102,870	227,855,690
<b>Total Equity</b>		<b>200,202,870</b>	<b>227,955,690</b>
<b>Liabilities</b>			
Borrowings	8(a)	1,308,905,510	1,240,501,610
Other financial liabilities	8(b)	1,485,107	3,081,188
<b>Total current liabilities</b>		<b>1,310,390,617</b>	<b>1,243,582,798</b>
<b>Total liabilities</b>		<b>1,310,390,617</b>	<b>1,243,582,798</b>
<b>Total Equity and Liabilities</b>		<b>1,510,593,487</b>	<b>1,471,538,488</b>
Corporate information and significant accounting policies 1 & 2			
The above balance sheet should be read in conjunction with the accompanying notes.			

In terms of our report attached.  
For Sunil Vijay & Associates.,  
Chartered Accountants  
Firm Registration No: 005802N

Sunil Chadha  
Partner  
Membership No.030409



For and on behalf of the Board of Directors of  
GVK Perambalur SEZ Private Limited

P. Audishesha Reddy  
Director  
DIN : 05300542

Y. Chandramouli  
Director  
DIN : 00028382

Place : Delhi  
Date : 05-May-2023  
UDIN : 23030409BGXJKY2991

**GVK Perambalur SEZ Private Limited**

**Profit & Loss Account for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
<b>Income</b>			
Other Income	9	101,680	-
		<b>101,680</b>	-
<b>Expenses</b>			
Finance costs	-	-	-
Depreciation and amortisation expenses	-	41,095	-
Other expenses	10	56,837,366	58,511,690
<b>Total expenses</b>		<b>56,878,461</b>	<b>58,511,690</b>
<b>Profit from continuing operations before tax</b>		<b>(56,776,781)</b>	<b>(58,511,690)</b>
Income tax expenses	11		
- Current tax	11a	-	-
- Deferred tax	11a	(29,023,961)	(25,799,076)
		<b>(29,023,961)</b>	<b>(25,799,076)</b>
<b>Profit for the year</b>		<b>(27,752,820)</b>	<b>(32,712,614)</b>
<b>Earnings per equity share</b>			
Basic earnings per share	12	(2,775)	(3,271)
Diluted earnings per share		(2,775)	(3,271)
<b>Corporate information and significant accounting policies</b>	1 & 2		
<i>The above statement of profit and loss should be read in conjunction with the accompanying notes.</i>			

In terms of our report attached.

**For Sunil Vijay & Associates.,**

Chartered Accountants

Firm Registration No: 005802N

**Sunil Chadha**

Partner

Membership No.030409



For and on behalf of the Board of Directors of  
**GVK Perambalur SEZ Private Limited**

**P. Audishesha Reddy**

Director

DIN : 05300542

**Y. Chandramouli**

Director

DIN : 00028382

Place : Delhi

Date : 05-May-2023

UDIN : 23030409BGXJKY2991

GVK Perambalur SEZ Private Limited  
Statement of cash flow for the year ended March 31, 2023  
(All amounts in Rupees, unless otherwise stated)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Cash flow from operating activities</b>		
Profit/ (Loss) before income tax	(56,776,781)	(58,511,690)
Adjustments for:		
Depreciation (Net of transfer from reserves)	41,095	-
Debit Balances Written - Off	-	5,665,000
<b>Operating profit/ (Loss) before working capital</b>	<b>(56,735,686)</b>	<b>(52,846,690)</b>
<b>Movement in working capital:</b>		
Increase/ (decrease) in other financial assets	(10,250,093)	(9,669,540)
Increase/ (decrease) in other financial liabilities	(1,596,081)	1,607,167
<b>Cash generated from operations</b>	<b>(68,581,860)</b>	<b>(60,909,063)</b>
Income taxes paid	-	-
<b>Net cash inflow/(outflow) from operating activities (A)</b>	<b>(68,581,860)</b>	<b>(60,909,063)</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of property, plant and equipment	-	-
<b>Net cash inflow/(outflow) from investing activities (B)</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Share Application Money Received	-	-
Proceeds from short term borrowings	68,403,900	60,857,591
<b>Net cash inflow/(outflow) from financing activities (C)</b>	<b>68,403,900</b>	<b>60,857,591</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(177,960)</b>	<b>(51,472)</b>
Cash and cash equivalents at the beginning of the financial year	447,254	498,726
<b>Cash and cash equivalents at end of the year</b>	<b>269,294</b>	<b>447,254</b>
<i>Reconciliation of cash and cash equivalents as per the cash flow statement</i>		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents	269,294	447,254
<b>Balances as per statement of cash flows</b>	<b>269,294</b>	<b>447,254</b>

Corporate information and significant accounting policies

1 & 2

The above statement of cash flows should be read in conjunction with the accompanying notes.

In terms of our report attached.

For Sunil Vijay & Associates

Chartered Accountants

Firm Registration No: 005802N

Sunil Chadha

Partner

Membership No.030409



For and on behalf of the Board of Directors of  
GVK Perambalur SEZ Private Limited

  
P. Audishesha Reddy

Director

DIN : 05300542



Y. Chandramouli

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DIN : 00028382

Place : Delhi

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UDIN : 23030409BGXJKY2991

GVK Perambalur SEZ Private Limited  
Statement of Changes in Equity  
(All amounts in Rupees, unless otherwise stated)

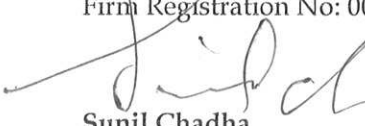
a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	No.	Amount in Rs.
As at April 1, 2022	10,000	100,000
Issued during the year	-	-
As at March 31, 2023	10,000	100,000

B. OTHER EQUITY


Particulars	Reserves and Surplus	Total
Balance at April 01, 2021	260,568,304	260,568,304
Profit / (Loss) for the year	(32,712,614)	(32,712,614)
Balance at April 1, 2022	227,855,690	227,855,690
Profit / (Loss) for the year	(27,752,820)	(27,752,820)
As at March 31, 2023	200,102,870	200,102,870

In terms of our report attached.  
For Sunil Vijay & Associates  
Chartered Accountants  
Firm Registration No: 005802N

  
Sunil Chadha  
Partner  
Membership No.030409



For and on behalf of the Board of Directors of  
GVK Perambalur SEZ Private Limited

  
P. Audisesha Reddy  
Director  
DIN : 05300542

  
Y. Chandramouli  
Director  
DIN : 00028382

Place : Delhi  
Date : 05-May-2023  
UDIN : 23030409BGXJKY2991



## 1. Corporate information

GVK Perambalur SEZ Private Limited (GVK SEZ), (the 'company') is engaged in the business of to carry on the business of infrastructure projects including but not limited to operations, maintenance, management and development of infrastructure facilities, whether directly or indirectly, alone or in consortium with others and generally to assist and carry on the projects engaged in the business of developing power, airports, ports, expressways, highways, canal / waterways, shipping, mining, SEZ, technology park, EPZ and other companies engaged in providing infrastructure facilities and also to participate and acquire any infrastructure projects.

## 2. Significant accounting policies, Critical estimates and judgements

### 2A. Statement of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

#### 2.2 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:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period, or
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The Company classifies all other liabilities as non-current.

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

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) Foreign currencies

The financial statements are presented in Indian rupees lakhs, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

##### Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

##### (c) 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:

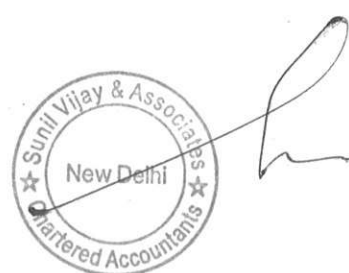
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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.



**GVK Perambalur SEZ Private Limited**

**Notes to financial statements for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

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.

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.

**(d) 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 specific recognition criteria described below must also be met before revenue is recognised.

**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.

**(e) Taxes**

**Current income tax**

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 in the countries where the Company operates and generates taxable income.

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.

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 utilized.

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 period/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.

**(f) Property, plant and equipment**

Under the previous GAAP (Indian GAAP), Property, Plant and Equipment were carried in the balance sheet at cost of acquisition. The Company has elected to regard those values of assets as deemed cost at the date of the acquisition since they were broadly comparable to fair value. The Company has also determined that cost of acquisition or construction does not differ materially from fair valuation as at April 01, 2015 (date of transition to Ind AS).

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.



**GVK Perambalur SEZ Private Limited**

**Notes to financial statements for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	10 Years
Office equipment	5 Years
Vehicles	10 Years
Computers	3 Years

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 income statement when the asset is derecognised.

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

**Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years. The useful life has been determined based on technical evaluation performed by the management's expert.

**Transition to Ind AS**

On transition to Ind AS, the group has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

**(h) Borrowing costs**

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

**(i) 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) fair value less costs of disposal and its value in use. 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 groups 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, 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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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 periods/ 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.

**(j) Provisions**

**General**



**GVK Perambalur SEZ Private Limited**

**Notes to financial statements for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

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.

**(k) Financial instruments**

**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.

**Subsequent measurement**

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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.

**Equity investments:**

In respect of equity investments, when an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries and associates either:

- (a) at cost; or
- (b) in accordance with Ind AS 109.

If a first-time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure that investment at one of the following amounts in its separate opening Ind AS Balance Sheet:

- (a) cost determined in accordance with Ind AS 27; or
- (b) deemed cost. The deemed cost of such an investment shall be its:
  - (i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
  - (ii) previous GAAP carrying amount at that date.

A first-time adopter may choose either (i) or (ii) above to measure its investment in each subsidiary or associate that it elects to measure using a deemed cost.

Since the company is a first time adopter it has measured its investment in subsidiary and associate at deemed cost in accordance with Ind AS 27 by taking previous GAAP carrying amount.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a) the rights to receive cash flows from the asset have expired, or
- b) the Company has transferred its rights to receive cash flows from the asset, and
  - i. the Company has transferred substantially all the risks and rewards of the asset, or
  - ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**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:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) 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 18
- c) Loan commitments which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables

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.



**GVK Perambalur SEZ Private Limited**

**Notes to financial statements for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

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:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

**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, financial guarantee contracts.

*Subsequent measurement*

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

**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.

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

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

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

*Reclassification of financial assets*

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. 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.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
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Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

(I) 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.

2B. 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.

(i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.





**GVK Perambalur SEZ Private Limited**

**Notes to financial statements for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

**3. Property, plant and equipment**

Particulars	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Total
<b>Gross carrying amount</b>					
As at March 31, 2022	139,527	181,925	16,348	10,473	348,273
Additions	-	-	-	-	-
Deletions	(139,527)	-	(16,348)	(10,473)	(166,348)
<b>As at March 31, 2023</b>	<b>-</b>	<b>181,925</b>	<b>-</b>	<b>0</b>	<b>181,925</b>
<b>Accumulated depreciation and impairment</b>					
As at March 31, 2022	123,712	152,695	1,235	306	277,948
Charge for the year	15,815	-	15,113	10,167	41,095
Deletions	(139,527)	-	(16,348)	(10,473)	(166,348)
<b>As at March 31, 2021</b>	<b>-</b>	<b>152,695</b>	<b>-</b>	<b>0</b>	<b>152,695</b>
<b>Net Block</b>					
As at March 31, 2022	15,815	29,230	15,113	10,167	70,325
As at March 31, 2023	-	29,230	-	-	29,230

**4. Investment property - Land**

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Gross carrying amount</b>		
Opening Gross Carrying value	1,165,460,718	1,165,460,718
Additions	-	-
<b>Closing gross carrying value</b>	<b>1,165,460,718</b>	<b>1,165,460,718</b>

The Company's investment properties consist of vacant land having an extent of about 2600 Acres acquired in five villages Thirumanthurai, Eraiyur, Peraiyur, Pennakonam (North) and Pennakonam (South) in Perambalur district during the year 2007 and 2008 from local villagers. This property is located on the eastern side of NH-45 just after Thirumanthurai Toll Gate when we drive from Chennai to Trichy.



**GVK Perambalur SEZ Private Limited****Notes to financial statements for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

**Note 5: Financial assets****5 (a) Cash and cash equivalents**

	As at March 31, 2023	As at March 31, 2022
Balances with banks in -		
Current Account	233,715	442,854
Cash on hand	35,579	4,400
<b>Total cash and cash equivalents</b>	<b>269,294</b>	<b>447,254</b>

**5 (b). Other financial assets**

	As at March 31, 2023	As at March 31, 2022
Security deposits	111,432	111,432
Deposits with GOVT.Depts / Public Bodies	600,000	500,000
<b>Total</b>	<b>711,432</b>	<b>611,432</b>

**5 (c). Other current assets**

	As at March 31, 2023	As at March 31, 2022
Advance to / recoverable from vendors	-	-
Prepaid expenses	1,920	1,937
GST Receivable	19,354,474	9,204,364
<b>Total</b>	<b>19,356,394</b>	<b>9,206,301</b>



GVK Perambalur SEZ Private Limited

Notes to financial statements for the year ended March 31, 2023

(All amounts in Rupees, unless otherwise stated)

Note 6: Equity share capital and other equity

6) Equity share capital

Authorised equity share capital	As at March 31, 2023	As at March 31, 2022
5,000,000 (March 2019: 5,000,000) Shares of Rs. 10 / - each	50,000,000	50,000,000
Add: Issued during the year	-	-
<b>Total authorised equity share capital</b>	<b>50,000,000</b>	<b>50,000,000</b>

Note : EQUITY

(i) Issued, subscribed and fully paid-up share capital	As at March 31, 2023	As at March 31, 2022
10,000 (March 2019: 10,000) Shares of Rs. 10 / - each	100,000	100,000

ii) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2023		As At March 31, 2022	
	No. of shares	Rupees	No. of shares	Rupees
Equity Shares -				
At the beginning of the year	10,000	100,000	10,000	100,000
Outstanding at the end of the year	10,000	100,000	10,000	100,000

iii) Terms/rights attached to equity shares

The Company has only one class of equity share having par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) Details of shareholders holding more than 5% equity shares in the Company

Name of the Share Holder	As at March 31, 2023		As At March 31, 2022	
	No of Shares	% of Holding	No of Shares	% of Holding
GVK Power & Infrastructure Ltd	10,000	100%	10,000	100%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(v) Details of Shares held by Holding company

Name of the Share Holder	As at March 31, 2023		As At March 31, 2022	
	No of Shares	% of Holding	No of Shares	% of Holding
GVK Power & Infrastructure Ltd	10,000	100%	10,000	100%

7) Reserves and surplus

	As at March 31, 2023	As at March 31, 2022
Surplus as per Statement of Profit and Loss	200,102,870	227,855,690
<b>Total Reserves and surplus</b>	<b>200,102,870</b>	<b>227,855,690</b>

Surplus as per Statement of Profit and Loss

	As at March 31, 2023	As at March 31, 2022
Opening balance	227,855,690	260,568,304
Add: Net Profit for the year	(27,752,820)	(32,712,614)
<b>Closing balance</b>	<b>200,102,870</b>	<b>227,855,690</b>



**GVK Perambalur SEZ Private Limited****Notes to financial statements for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

**Note 8: Financial liabilities****8(a) Current borrowings**

	As at March 31, 2023	As at March 31, 2022
<b>Secured -</b>		
Loans from related parties (Repayable on Demand)	1,308,905,510	1,240,501,610
<b>Total current borrowings</b>	<b>1,308,905,510</b>	<b>1,240,501,610</b>

**8(b) Other financial liabilities**

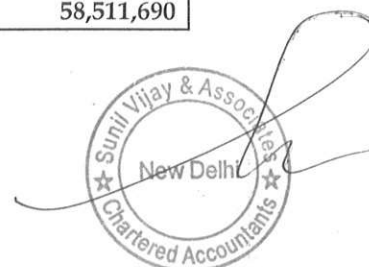
	As at March 31, 2023	As at March 31, 2022
Creditors for expenses	1,482,788	1,482,788
Statutory payables	2,319	1,598,400
<b>Total</b>	<b>1,485,107</b>	<b>3,081,188</b>

**9 Other Income**

	Year ended March 31, 2023	Year ended March 31, 2022
Miscellaneous Income	101,680	-
<b>Total</b>	<b>101,680</b>	<b>-</b>

**Note 10: Other expenses**

	Year ended March 31, 2023	Year ended March 31, 2022
Rent - Corporate Office	60,000	30,000
Rent - Site Office	44,400	42,000
Fees, Taxes and Duties	6,530	11,480
Filing Fees	1,400	3,000
Penalty on taxes	-	109,947
Repairs and Maintenance - Site	300	1,551,257
Vehicle Running Expenses	2,170	17,870
Office Maintenance	120,000	132,515
Conveyance and Travelling	173,469	71,709
Communication Cost	6,629	5,944
Printing and Stationery	10,814	103,722
Insurance - Vehicles	10,322	9,883
Legal & Professional Charges	56,358,500	50,709,180
Audit fee - Statutory Audit	35,000	35,000
Others	4,874	8,393
Books & periodicals	2,400	2,190
Debit Balances Written - Off	-	5,665,000
Relocation Expenses	-	2,600
Bank Charges	558	-
<b>Total</b>	<b>56,837,366</b>	<b>58,511,690</b>



**GVK Perambalur SEZ Private Limited**

**Notes to financial statements for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

**11. Taxes**

**11(a). Income tax expense**

	Year ended March 31, 2023	Year ended March 31, 2022
Current Tax	-	-
Deferred tax	-	-
Decrease/(increase) in deferred tax assets	(29,023,961)	(25,799,076)
<b>Total Tax Expenses</b>	<b>(29,023,961)</b>	<b>(25,799,076)</b>

**11(b). Deferred tax Balance**

The balance comprises temporary differences attributable to:

	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax asset on account of:		
Indexation benefit on land	324,766,418	295,742,458
<b>Net deferred tax Asset</b>	<b>324,766,418</b>	<b>295,742,458</b>

**11(c). Deferred tax reconciliation**

Particulars	Opening Balance	Recognised in Statement of Profit and loss	Recognised in Other comprehensive income	Closing Balance
<b>For 2021-22</b>				
Indexation benefit on land	269,943,382	25,799,076	-	295,742,458
<b>For 2022-23</b>				
Indexation benefit on land	295,742,458	29,023,961	-	324,766,418

**11(d). Reconciliation of effective tax rate:**

Particulars	31.03.2023	31.03.2022
Profit / (Loss) before tax (A)	(56,776,781)	(58,511,690)
Enacted tax rates in India (B)	0	0
Computed expected tax expenses (C = A*B)	(14,761,963)	(15,213,039)
Deferred Tax not created on unabsorbed business losses	14,761,963	15,213,039
Deferred Tax created on Indexation of Land	(29,023,961)	(25,799,076)
<b>Net current tax expense recognised in statement of Profit &amp; Loss</b>	<b>29,023,961</b>	<b>25,799,076</b>



**GVK Perambalur SEZ Private Limited****Notes to financial statements for the year ended March 31, 2023**

(All amounts in Rupees, unless otherwise stated)

**12. Earnings per share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares, if any.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit after tax	(27,752,820)	(32,712,614)
<b>Basic and diluted EPS:</b>		
Number of shares outstanding at the year end	10,000	10,000
Weighted average number of equity shares	10,000	10,000
Earnings per share (Rs .10) (Basic & Diluted)	(2,775)	(3,271)

**13. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Based on the information available with the company, there are no suppliers who are register as micro, small or medium enterprises under "The Micro, small and Medium Enterprises Development Act 2006" as at March 31, 2023 and March 31, 2022.

**14. Related party disclosures**

Transactions with related parties during the year ended and outstanding as at March 31, 2023

**a) Holding Company**

GVK Power & Infrastructure Limited

**b) Related parties where joint control exists**

GVK Developmental Projects Pvt Limited

**c) Enterprises in which Key Management Personnel and / or their relatives have significant influence**

Ubiquitous Construction LLP

**Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Particulars	31-Mar-23	31-Mar-22
<b>Transactions made during the year</b>		
<b>Loan taken / (repaid) during the year</b>		
GVK Power & Infrastructure Limited	68,403,900	60,857,591
GVK Developmental Projects Pvt Limited	-	-
<b>Closing balances :</b>		
<b>Loans payable</b>		
GVK Power & Infrastructure Limited	1,091,300,510	1,022,896,610
GVK Developmental Projects Pvt Limited	217,605,000	217,605,000





**GVK Perambalur SEZ Private Limited**

Notes forming part of financial statements for the year ended March 31, 2023

(All amounts in Rupees, unless otherwise stated)

**15 Details of Benami Property held**

The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

**16 Relationship with Struck off Companies**

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**17 Registration of charges or satisfaction with Registrar of Companies**

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**18 Undisclosed income**

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**19 Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**20 Social Security Code, 2020**

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**21 Financial risk management objectives and policies****Financial Risk Management Framework**

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 Bank deposits and cash & cash equivalents.

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

**Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

**Exposure to credit risk:**

The company does not have any trade receivables and it is not exposed to any credit risk.

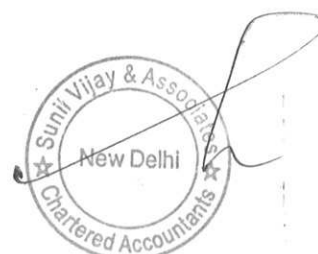
**i) Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	On Demand	In next 12 months > 1 year	Total
As at March 31, 2023			
Borrowings	1,308,905,510	-	1,308,905,510
Other financial liabilities	-	1,485,107	1,485,107
<b>TOTAL</b>	<b>1,308,905,510</b>	<b>1,485,107</b>	<b>1,310,390,617</b>



Particulars	On Demand	In next 12 months > 1 year	Total
As At March 31, 2022			
Borrowings	1,240,501,610	-	1,240,501,610
Other financial liabilities	-	3,081,188	3,081,188
<b>TOTAL</b>	<b>1,240,501,610</b>	<b>3,081,188</b>	<b>1,243,582,798</b>

## 22 Segment reporting

The Chairman of the ultimate holding company (GVK Power and Infrastructure Limited) has been identified as being the Chief Operating Decision Maker (CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the Company's performance. The company is engaged in the business of promoting companies primarily engaged in development of Domestic and International airports within or outside India. It also invests in all kinds of infrastructure development companies as a promoter, sponsor, developer, advisor, operator or otherwise by way of equity, preference, debentures, debt or otherwise and to carry on all such acts as are required to participate, float or acquire through bidding or negotiated process for any project either in infrastructure or otherwise.

The reportable segments have been provided in the Consolidated Financial Statements of the Ultimate Holding Company (GVK Power and Infrastructure Limited) and therefore no separate disclosure on segment information is given in these financial statements which constitute a single operating segment.

## 23 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. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. The Company includes within net debt, borrowings including interest accrued on borrowings, trade and other payables, less cash and short-term deposits.

Particulars	As at March 31, 2023	As At March 31, 2022
Borrowings including interest accrued on borrowings	1,308,905,510	1,240,501,610
Other liabilities	1,485,107	3,081,188
Less: cash and short-term deposits (Note 5 A)	269,294	447,254
<b>Net debt</b>	<b>1,310,121,323</b>	<b>1,243,135,544</b>
Equity	100,000	100,000
Other Equity	200,102,870	227,855,690
<b>Total Equity</b>	<b>200,202,870</b>	<b>227,955,690</b>
Gearing ratio (Net Debt/ Total Equity)	7	5

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023

## 24 Previous year figures

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.

In terms of our report attached.  
For Sunil Vijay & Associates.,  
Chartered Accountants  
Firm Registration No: 005802N

Sunil Chadha  
Partner  
Membership No.030409



For and on behalf of the Board of Directors of  
GVK Perambalur SEZ Private Limited

P. Audishesha Reddy  
Director  
DIN : 05300542

Y. Chandramouli  
Director  
DIN : 00028382

Place : Delhi  
Date : 05-May-2023  
UDIN : 23030409BGXJKY2991