

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 standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **GVK PERAMBALUR SEZ PRIVATE LIMITED ("the Company")** which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, (statement of changes in equity)ⁱ and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 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 March 31, 2020, and profit and its cash flows for the year ended on that date.



Basis for Opinion

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.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 implementation and maintenance of 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 financial statement 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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process



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Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure- A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by Section 143(3) of the Act, **subject to following**
 - i) Sundry creditors for expenses Rs. 14,77, 530 are subject to confirmation.
 - ii) Advance to / recoverable from vendors (Tamilnadu Industrial Development Corporation Limited (TIDCO) Rs. 56,65,000 is subject to confirmation.

we report that:

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.

- a. 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.
- b. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- c. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- d. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- e. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". ii
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. As informed by the company there are no pending litigations against the Company.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 2 (J) to the financial statements;
 - iii. As informed by the company, it is not required to transfer any amounts to the Investor Education and Protection Fund by the Company.

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

Sunil Chadha

Partner

M. No. 030409

UDIN No. : 20030409AAAAAU2811

Place : New Delhi

Date: 24.06.2020



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT (FY 2019-20)

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

(i) In respect of its fixed assets:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) As per information and documents produced before us, the title deed of immovable property is held in the name of company.

(ii) In respect of its inventories:

As per information and explanation given to us and books of accounts of the company, Company do not have inventory as on balance sheet date.

(iii) In respect of the loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013:

As per information and explanation given to us, there is no loan secured or unsecured, granted by the Company to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause (iii) of paragraph 3 of CARO 2016 are not applicable to the Company.

(iv) In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with:

In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company does not accept any deposit from the public. Therefore, the provisions of clause (v) of paragraph 3 of CARO 2016 are not applicable to the Company.

(vi) According to the information and explanations given to us, the Company does not required to maintain any cost records as per Sec 148(1) of Companies Act, 2013.



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Therefore, the provisions of clause (vi) of paragraph 3 of CARO 2016 are not applicable to the Company.

(vii) In respect of Statutory Dues

- a) According to the information and explanations given to us, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities;
 - b) According to the information and explanations given to us, there are no dues of income tax or sales tax or service tax or duty of customs, duty of excise or value added tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, Company does not taken any loan or borrowing from bank, financial institution, Government and Debenture holders. Therefore, the provisions of clause (viii) of paragraph 3 of CARO 2016 are not applicable to the Company.
- (ix) According to the records of company, company has not raised any money by way of initial public offer or term loan. Therefore, the provisions of clause (ix) of paragraph 3 of CARO 2016 are not applicable to the Company.
- (x) In our opinion and according to the information and explanations to us, no fraud by the company and by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, no managerial remuneration has been given. Therefore, the provisions of clause (xi) of paragraph 3 of CARO 2016 are not applicable to the Company.
- (xii) According to the information and explanation given to us, company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of CARO 2016 are not applicable to the Company..
- (xiii) According to the information and explanations to given us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.




(xiv) According to the information and explanations given to us, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (xiv) of paragraph 3 of CARO 2016 are not applicable to the Company.

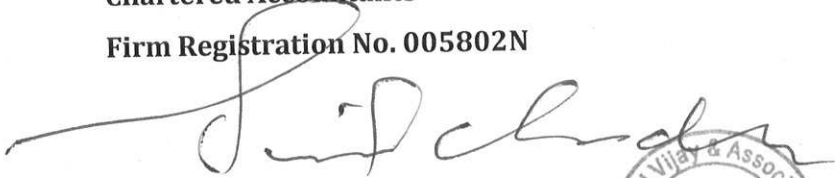
(xv) According to the information and explanations to us, company has not entered into any non- cash transactions with directors or persons connected with him. Therefore, the provisions of clause (xv) of paragraph 3 of CARO 2016 are not applicable to the Company.

(xvi) According to the information and explanations to us, Company is not required to be registered under section 45-IA of the Reserve Bank of India, 2034. Therefore, the provisions of Claus (xvi) of paragraph 3 of CARO 2016 are not applicable to the Company.

For Sunil Vijay & Associates

Chartered Accountants

Firm Registration No. 005802N



Sunil Chadha

Partner

M. No. 030409

UDIN No. : 20030409AAAAAU2811

Place : New Delhi

Date: 24.06.2020



ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(e) 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 Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

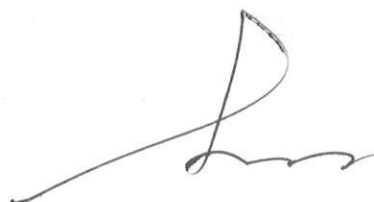
We have audited the internal financial controls over financial reporting of **GVK PERAMBALUR SEZ PRIVATE LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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, 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 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 over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

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.



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Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 March 31, 2020, 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. : 20030409AAAAAU2811

Place : New Delhi

Date: 24.06.2020



GVK Perambalur SEZ Private Limited
Balance Sheet as at March 31, 2020
(All amounts in Rupees, unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	235,656	235,656
Investment properties	4	1,165,460,718	1,165,460,718
Deferred tax assets	12(a)	250,594,075	233,823,124
Total non-current assets		1,416,290,449	1,399,519,498
Current assets			
Financial Assets	5		
- Cash and cash equivalents	5(a)	561,400	378,607
- Other financial assets	5(b)	101,432	121,432
Other current assets	6	5,665,000	5,675,641
Total current assets		6,327,832	6,175,680
Total Assets		1,422,618,280	1,405,695,177
EQUITY AND LIABILITIES			
EQUITY	7		
Equity share capital	7(a)	100,000	100,000
Other equity	7(b)	243,090,682	226,878,519
Total Equity		243,190,682	226,978,519
Liabilities			
Non Current Liabilities		-	-
Current liabilities			
Financial Liabilities	8		
Borrowings	8(a)	1,177,946,686	1,177,244,928
Other financial liabilities	8(b)	1,480,912	1,471,730
Total current liabilities		1,179,427,598	1,178,716,658
Total liabilities		1,179,427,598	1,178,716,658
Total Equity and Liabilities		1,422,618,280	1,405,695,177
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
UDIN No. 20030409AAAAAU2811
Place: New Delhi
Date : 24.06.2020



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: Secunderabad

GVK Perambalur SEZ Private Limited
Profit & Loss Account for the year ended March 31, 2020
 (All amounts in Rupees, unless otherwise stated)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Expenses			
Finance costs	9	-	343
Depreciation and amortisation expense	3	-	1,475
Other expenses	10	558,788	586,659
Total expenses		558,788	588,477
Profit from continuing operations before tax		(558,788)	(588,477)
Income tax expense			
- Current tax		-	-
- Deferred tax	11(a)	(16,770,951)	(12,775,504)
		(16,770,951)	(12,775,504)
Profit for the year		16,212,163	12,187,027
Earnings per equity share			
Basic earnings per share	13	1,621	1,219
Diluted earnings per share		1,621	1,219
Corporate information and significant accounting policies	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

UDIN No. 20030409AAAAAU2811

Place: New Delhi

Date : 24.06.2020



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

P. Audishesha Reddy

Director

DIN : 05300542

Y. Chandramouli

Director

DIN : 00028382

Place: Secunderabad

GVK Perambalur SEZ Private Limited
Statement of cash flow for the year ended March 31, 2020
(All amounts in Rupees, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities	(558,788)	(588,477)
Profit before income tax	-	-
Adjustments for:	-	1,475
Depreciation (Net of transfer from reserves)	9,182	(150,200)
Increase/(decrease) in other financial liabilities	30,641	59,149
Increase/(decrease) in other financial assets	(518,965)	(678,053)
Net cash inflow/(outflow) from operating activities		
Cash flows from investing activities	-	-
Payments for acquisition of property, plant and equipment	-	-
Net cash inflow/(outflow) from investing activities		
Cash flow from financing activities	-	-
Share Application Money Received	701,758	416,115
Proceeds from short term borrowings	701,758	416,115
Net cash inflow/(outflow) from financing activities		
Net increase/(decrease) in cash and cash equivalents	182,793	(261,938)
Cash and cash equivalents at the beginning of the financial year	378,607	640,545
Cash and cash equivalents at end of the year	561,400	378,607
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following	561,400	378,607
Cash and cash equivalents	561,400	378,607
Balances as per statement of cash flows		

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

UDIN No. 20030409AAAAAU2811

Place: New Delhi

Date : 24.06.2020



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: Secunderabad

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

a) Equity share capital

fully paid	No.	Amount in Rs.
As at April 01, 2019	10,000	100,000
Issued during the year	-	-
At March 31, 2020	10,000	100,000

B. OTHER EQUITY

Particulars	Reserves and Surplus	Total
Balance at April 01, 2018	214,691,492	214,691,492
Profit / (Loss) for the year	12,187,027	12,187,027
Balance at April 01, 2019	226,878,519	226,878,519
Profit / (Loss) for the year	16,212,163	16,212,163
Balance at March 31, 2020	243,090,682	243,090,682

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

Sunil Chadha

Partner

Membership No.030409

UDIN No. 20030409AAAAAU2811

Place: New Delhi



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

P. Audishesha Reddy

Director

DIN : 05300542

Place: Secunderabad

Y. Chandramouli

Director

DIN : 00028382

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, 2020

(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.

(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).



GVK Perambalur SEZ Private Limited

Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees, unless otherwise stated)

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.

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.

(g) 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.

(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, 2020

(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:

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

- at cost; or
- 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:

- cost determined in accordance with Ind AS 27; or
 - deemed cost. The deemed cost of such an investment shall be its:
 - fair value at the entity's date of transition to Ind ASs in its separate financial statements; or
 - 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:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset, and
 - the Company has transferred substantially all the risks and rewards of the asset, or
 - 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:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- 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
- 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, 2020**

(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
-------------------------	------------------------	----------------------



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, 2020

(All amounts in Rupees, unless otherwise stated)

Note 3: Property, plant and equipment

Particulars	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Total
Opening April 1, 2019	139,527	181,925	16,348	10,473	348,273
Opening gross carrying amount	-	-	-	-	-
Additions/Deletion	-	-	-	-	-
Closing gross carrying amount	139,527	181,925	16,348	10,473	348,273
Opening March 31, 2020	91,004	21,613	-	-	112,617
Opening gross carrying amount	-	-	-	-	-
Additions/Deletion	-	-	-	-	-
Closing gross carrying amount	91,004	21,613	-	-	112,617
Accumulated depreciation and impairment					
Opening accumulated depreciation and impairment	91,004	21,613	-	-	112,617
Depreciation During the Year ended on March 31, 2020	-	-	-	-	-
Closing accumulated depreciation and impairment	91,004	21,613	-	-	112,617
Net carrying amount As on March 31, 2020	48,523	160,312	16,348	10,473	235,656

Note 4: Investment property - Land

	March 31, 2020	March 31, 2019
Gross carrying amount		
Opening Gross Carrying value	1,165,460,718	1,165,460,718
Additions	-	-
Closing gross carrying value	1,165,460,718	1,165,460,718

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, 2020**

(All amounts in Rupees, unless otherwise stated)

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

	March 31, 2020	March 31, 2019
Balances with banks in -		
Current Account	391,189	208,396
Cash on hand	170,210	170,210
Total cash and cash equivalents	561,400	378,607

5 (b) Other Assets

	March 31, 2020	March 31, 2019
	Current	Current
Security deposits	101,432	121,432
Total	101,432	2,841,630,232

6 Other Financial Assets

	March 31, 2020	March 31, 2019
	Current	Current
Advance to / recoverable from vendors	5,665,000	5,665,000
Prepaid expenses	-	10,641
Total	5,665,000	5,675,641



Note 7: Equity share capital and other equity

7(a) Equity share capital	As at	
	March 31, 2020	March 31, 2019
Authorised equity share capital		
5,000,000 (March 2019: 5,000,000) Shares of Rs. 10/- each	50,000,000	50,000,000
Total authorised equity share capital	50,000,000	50,000,000

Note : EQUITY	As at	
	March 31, 2020	March 31, 2019
(i) Issued, subscribed and fully paid-up share capital		
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, 2020		March 31, 2019	
	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	March 31, 2020		March 31, 2019	
	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	March 31, 2020		March 31, 2019	
	No of Shares	% of Holding	No of Shares	% of Holding
GVK Power & Infrastructure Ltd	10,000	100%	10,000	100%

7(b) Reserves and surplus

	March 31, 2020	March 31, 2019
Surplus as per Statement of Profit and Loss	243,090,682	226,878,519
Total Reserves and surplus	243,090,682	226,878,519

Surplus as per Statement of Profit and Loss

	March 31, 2020	March 31, 2019
Opening balance	226,878,519	214,691,492
Add: Net Profit for the year	16,212,163	12,187,027
Closing balance	243,090,682	226,878,519



GVK Perambalur SEZ Private Limited

Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees, unless otherwise stated)

Note 8: Financial liabilities

8(a) Current borrowings

	March 31, 2020	March 31, 2019
Secured -		
Loans from related parties (Repayable on Demand)	1,141,490,686	1,140,788,928
Loans from others	36,456,000	36,456,000
Total current borrowings	1,177,946,686	1,177,244,928

8(b) Other financial liabilities

	March 31, 2020	March 31, 2019
Creditors for expenses	1,477,530	1,471,730
Statutory payables	3,382	-
Total	1,480,912	1,471,730

Note 9: Finance Cost

	March 31, 2020	March 31, 2019
Other finance charges	-	343
Total	-	343

Note 10: Other expenses

	March 31, 2020	March 31, 2019
Rent	30,000	32,000
Rent - Equipment	301,325	218,222
Rent - Site Office	20,000	-
Rates and taxes	11,300	17,846
License Fees	10,200	3,600
Repairs and Maintenance - Site	19,946	100,000
Repairs and maintenance:		
Registration Charges	-	7,444
Vehicle running expenses	31,830	35,160
Office Maintenance	14,770	12,892
Conveyance & Traveling	33,567	26,824
Communication cost	9,406	13,774
Printing & Stationery	4,631	12,830
Insurance - Vehicles	10,641	-
Legal and professional charges	1,770	17,180
Certification Fee	1,770	2,000
Auditors' Remuneration	35,400	23,600
Prior Period Expenses	-	31,940
Others	20,190	29,222
Books & periodicals	1,970	2,125
Interest on Statutory Dues	72	-
Depreciation	-	1,475
Total	558,788	588,134



GVK Perambalur SEZ Private Limited

Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees, unless otherwise stated)

Note 11: Deferred tax Balances

11(a) Income tax expense	March 31, 2020	March 31, 2019
Current Tax	-	-
Deferred tax	(16,770,951)	(12,775,504)
Decrease/(increase) in deferred tax assets	(16,770,951)	(12,775,504)
Total Tax Expenses		

12(a) Deferred tax balances

The balance comprises temporary differences attributable to:

	March 31, 2020	March 31, 2019
Deferred tax asset on account of:		
Indexation benefit on land	250,594,075	233,823,124
Net deferred tax Asset	250,594,075	233,823,124

12(b) Deferred tax reconciliation

Particulars	Opening Balance	Recognised in Statement of Profit and loss	Recognised in Other comprehensive income	Closing Balance
For 2015-16				
Indexation benefit on land	170,015,758	21,337,999	-	191,353,757
For 2016-17				
Indexation benefit on land	191,353,757	16,471,438	-	207,825,195
For 2017-18				
Indexation benefit on land	207,825,195	13,222,426	-	221,047,620
For 2018-19				
Indexation benefit on land	221,047,620	12,775,504	-	233,823,124
For 2018-19				
Indexation benefit on land	233,823,124	16,770,951	-	250,594,075



GVK Perambalur SEZ Private Limited

Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees, unless otherwise stated)

12. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2020 and for the year ended March 31, 2019 are as follows:

Profit or loss section	March 31, 2020	March 31, 2019
Particulars		
Current tax	(16,770,951)	(12,775,504)
Deferred tax charge/ (credit)	(16,770,951)	(12,775,504)
Total income tax expense recognised in statement of Profit & Loss		
(b) Reconciliation of effective tax rate:		
Particulars	March 31, 2020	March 31, 2019
Profit / (Loss) before tax (A)	(558,788)	(588,477)
Enacted tax rates in India (B)	26.000%	25.750%
Computed expected tax expenses (C = A*B)	(141,032)	(147,280)
Deferred Tax not created on unabsorbed business losses	141,032	147,280
Deferred Tax created on Indexation of Land	16,770,951	12,775,504
Net current tax expense recognised in statement of Profit & Loss	(16,770,951)	(12,775,504)



GVK Perambalur SEZ Private Limited

Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees, unless otherwise stated)

13. 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	For the year ended	
	March 31, 2020	March 31, 2019
Profit after tax	16,212,163	12,187,027
Basic and diluted EPS:		
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)	1,621.22	1,218.70

Note: EPS is calculated based on profits excluding the other comprehensive income

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

Particulars	As at	As at
	March 31, 2020	March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors



GVK Perambalur SEZ Private Limited

Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees, unless otherwise stated)

15. Related party disclosures

Transactions with related parties during the year ended and outstanding as at March 31, 2020

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	March 31, 2020	March 31, 2019
Transactions made during the year		
Loan taken / (repaid) during the year		
GVK Power & Infrastructure Limited	701,758	391,115
GVK Developmental Projects Pvt Limited	-	217,605,000
Balance sheet heads (Closing balances):		
Loans payable		
GVK Power & Infrastructure Limited	923,885,686	923,183,928
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, 2020
(All amounts in Rupees, unless otherwise stated)

16. 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 doesnot 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.



GVK Perambalur SEZ Private Limited

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts in Rupees, unless otherwise stated)

	On Demand	in next 12 months	>1 year	Total
Year ended March 31, 2020				
Borrowings	1,177,946,686			1,177,946,686
Other financial liabilities		1,480,912		1,480,912
Trade and other payables				
	<u>1,177,946,686</u>	<u>1,480,912</u>	<u>-</u>	<u>1,179,427,598</u>
Year ended March 31, 2019				
Borrowings	1,177,244,928			1,177,244,928
Other financial liabilities		1,471,730		1,471,730
Trade and other payables				-
	<u>1,177,244,928</u>	<u>1,471,730</u>	<u>-</u>	<u>1,178,716,658</u>

17. 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 invest 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.



GVK Perambalur SEZ Private Limited

Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees, unless otherwise stated)

18. 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.

	March 31, 2020	March 31, 2019
Borrowings including interest accrued on borrowings	1,177,946,686	1,177,244,928
Other liabilities	1,480,912	1,471,730
Less: cash and short-term deposits (Note 5 A)	561,400	378,607
Net debt	1,178,866,199	1,178,338,051
Equity	100,000	100,000
Other Equity	243,090,682	226,878,519
Total Equity	243,190,682	226,978,519
Gearing ratio (Net Debt/ Total Equity)	484.75%	519.14%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020

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

Particulars	As at 31-Mar-20	As at 31-Mar-19
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

20. 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

UDIN No. 20030409AAAAAU2811

Place: New Delhi

Date : 24.06.2020

Date : 24.06.2020



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: Secunderabad