

Walker Chandiook & Co LLP

16th floor, Tower II,
One International Center,
SB Marg, Prabhadevi (W)
Mumbai – 400 013
India

T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Report

To the Members of Global Entropolis (Vizag) Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Global Entropolis (Vizag) Private Limited** ('the Company'), which comprise the Balance Sheet as at **31 March 2020**, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2020, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – (COVID-19)

4. We draw attention to Note 42 to the accompanying financial statements, which describes the uncertainties due to the outbreak of 'COVID-19' pandemic and the management's evaluation of its impact on the accompanying financial statements and operations of the Company as at the balance sheet date, the extent of which is significantly dependent on future developments as they evolve. Our opinion is not modified in respect of this matter.



Global Entropolis (Vizag) Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Director's Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management for the Financial Statements

6. The accompanying financial statements have been approved by the Company's Board of Directors. 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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 Standards on Auditing 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.
9. As part of an audit in accordance with Standards on Auditing, 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;



Global Entropolis (Vizag) Private Limited
Independent Auditor's Report on the Audit of the Financial Statements

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.

Report on Other Legal and Regulatory Requirements

11. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.
12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, 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 of the accompanying financial statements;
 - 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 financial statements dealt with by this report are in agreement with the books of account
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 01 September 2020 as per Annexure II expressed unmodified opinion; and



Walker Chandiok & Co LLP

Global Entropolis (Vizag) Private Limited Independent Auditor's Report on the Audit of the Financial Statements

- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us
- i. the Company, as detailed in Note 36 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2020.;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020.;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020.;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No:001076N/N500013



Adi P. Sethna
Partner
Membership No:108840

UDIN:20108840AAAADE4536

Place: Mumbai
Date: 01 September 2020

**Global Entropolis (Vizag) Private Limited
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure I to the Independent Auditor's Report of even date to the members of Global Entropolis (Vizag) Private Limited, on the financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.
- (ii) The company is primarily engaged in the business of real estate development and holds inventory in the form of land, properties under development and constructed properties. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The company has granted unsecured loans to companies covered in the register maintained under section 189 of the Act, and with respect to the same
 - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;
 - (b) the schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether repayments/receipts of the principal amount and the interest are regular;
 - (c) in the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of the principal amount and interest.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) Undisputed statutory dues including income-tax, sales-tax, service tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.



Annexure I (Contd)

- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in million)	Amount paid under Protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	12.18	5.39	2011-12	Income Tax Appellate Tribunal, Bangalore has remanded the case back to Assessing officer
The Income Tax Act, 1961	Income tax	7.77	1.17	2013-14	
The Income Tax Act, 1961	Income tax	Nil (*)	Nil	2014-15	
The Income Tax Act, 1961	Income tax	0.41	Nil	2016-17	Commissioner of Income Tax (Appeals)
The Finance Act, 1994	Service tax	109.44	5.63	2008-09 to 2014-15	Customs, Excise and Service Tax Appellate Tribunal, Hyderabad
The Finance Act, 1994	Service tax	0.87	0.14	October 2012 to September 2015	Customs, Excise and Service Tax Appellate Tribunal, Hyderabad
The Finance Act, 1994	Service tax	12.72	Nil	2015-16	Commissioner of Central Tax(Audit), Vishakapatnam

(*) No tax liability, however the disallowance is under appeal

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization were temporarily used for the purpose other than for which the loan was sanctioned but were ultimately utilized for the stated end-use.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the company since the company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.



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Global Entropolis (Vizag) Private Limited Independent Auditor's Report on the Audit of the Financial Statements

Annexure I (Contd)

- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the company is not required to constitute audit committee under Section 177 of the Act.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013



Adi P. Sethna
Partner
Membership No:108840

UDIN:20108840AAAADE4536

Place: Mumbai
Date: 01 September 2020

**Global Entropolis (Vizag) Private Limited
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure II to the Independent Auditor's Report of even date to the members of Global Entropolis (Vizag) Private Limited on the financial statements for the year ended 31 March 2020

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of **Global Entropolis (Vizag) Private Limited** ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.
5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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.



Walker Chandiok & Co LLP

Global Entropolis (Vizag) Private Limited Independent Auditor's Report on the Audit of the Financial Statements

Annexure II (Contd)

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013



Adi P. Sethna
Partner
Membership No:108840

UDIN:20108840AAAADE4536

Place: Mumbai
Date: 01 September 2020

Balance Sheet as at 31 March 2020
 (All amounts in ₹ millions, unless otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	3.66	3.10
(b) Intangible assets	3	0.43	0.51
(c) Financial assets			
(i) Loans and advances	4a	0.54	0.68
(ii) Other financial assets	5a	520.01	899.47
(d) Non-current tax assets, net	6	42.75	13.47
(e) Deferred tax assets (net)	7	473.46	532.94
(f) Other non-current assets	8a	2.80	1.97
Total non-current assets		1,043.65	1,452.14
Current assets			
(a) Inventories	9	1,860.64	2,104.21
(b) Financial assets			
(i) Investments	10	-	57.90
(ii) Trade receivables	11	402.91	766.92
(iii) Cash and cash equivalents	12	12.05	35.59
(iv) Bank balances other than (ii) above	13	5.93	8.45
(v) Loans	4b	63.29	55.23
(vi) Other financial assets	5b	1,637.79	1,030.06
(c) Other current assets	8b	228.54	165.82
Total current assets		4,211.15	4,224.18
Total assets		5,254.80	5,676.32
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	130.24	130.24
(b) Other equity	15	446.76	482.02
Total equity		577.00	612.26
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16a	1,261.37	1,426.86
(ii) Other financial liabilities	18a	1.02	-
(b) Provisions	19a	3.90	3.77
Total non-current liabilities		1,266.29	1,430.63
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16b	1,069.37	1,174.83
(ii) Trade payables	17	5.09	1.23
(a) Total outstanding dues of micro and small enterprises		306.90	201.98
(b) Total outstanding dues of creditors other than (ii) (a) above		357.41	124.02
(iii) Other financial liabilities	18b	357.41	124.02
(b) Other current liabilities	20	1,666.97	2,108.05
(c) Provisions	19b	1.86	1.69
(d) Current tax liabilities, net		3.91	21.63
Total current liabilities		3,411.51	3,633.43
Total equity and liabilities		5,254.80	5,676.32

Significant accounting policies

The accompanying notes referred to above form an integral part of the financial statements

As per report of even date

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Adi P. Sethna

Partner

Membership No.: 108840

Mumbai

01 September 2020



For and behalf of the Board of Directors of Global Entropolis (Vizag) Private Limited

M Murali
 Director
 DIN: 00030096

Bengaluru
 01 September 2020

Balaji R
 Chief Financial Officer & Director
 DIN No.: 07831896

Bengaluru
 01 September 2020

D Srinivasan
 Company Secretary
 FCS No: F5550

Bengaluru
 01 September 2020



Global Entropolis (Vizag) Private Limited
Statement of profit and loss for the year ended 31 March 2020
(All amounts in ₹ millions, unless otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue			
Revenue from operations	21	957.18	1,336.70
Other income	22	250.21	271.64
Total		1,207.39	1,608.34
Expenses			
Land cost		-	6.61
Material and contract cost	23	359.70	520.21
Changes in inventory	24	221.72	258.28
Employee benefits expense	25	42.28	42.47
Finance costs, net	26	377.61	365.89
Depreciation and amortisation expense	27	1.76	1.88
Impairment losses in value of investment and loans		-	-
Other expenses	28	180.54	98.82
Total expenses		1,183.61	1,294.16
Profit before tax		23.78	314.18
Tax expense	29		
Current tax (includes income tax relating to prior years Nil (31 March 2019: ₹ 1.24 million))		0.36	30.32
Deferred tax		59.48	118.74
(Loss)/Profit after tax		(36.06)	165.12
Other comprehensive income/(loss)			
(a) Items that will not be reclassified to profit or loss			
(i) Re-measurement of gains/(losses) on defined benefit plans		0.80	(0.76)
Total other comprehensive income/(loss) for the year		0.80	(0.76)
Total comprehensive (loss)/income for the year		(35.26)	164.36
Earnings per share (Nominal value per share)	30		
Basic and Diluted (₹)		(2.77)	12.68

Significant accounting policies

1.2

The accompanying notes referred to above form an integral part of the financial statements

As per report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

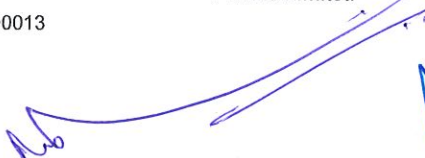


Adi P. Sethna
Partner
Membership No. : 108840

Mumbai
01 September 2020



For and behalf of the Board of Directors of Global Entropolis (Vizag) Private Limited



M Murali
Director
DIN: 00030096

Bengaluru
01 September 2020



Balaji R
Chief Financial Officer & Director
DIN No.: 07831896

Bengaluru
01 September 2020



D Srinivasan
Company Secretary
FCS No: F5550

Bengaluru
01 September 2020



Global Entropolis (Vizag) Private Limited
Cash Flow statement for the year ended 31 March 2020
(All amounts in ₹ millions, unless otherwise stated)

Cash Flow Statement

A. Cash flow from operating activities

Profit before tax

23.78 314.18

Adjustments to reconcile profit after tax to net cash flows

Depreciation and amortisation expense

1.76 1.88

Finance costs, net

377.61 365.89

Provision for expected credit losses

18.81 -

Provision made for bad and doubtful debts

10.00 6.00

Unwinding of discount of trade receivables

(243.74) (235.00)

Liabilities no longer required written back

(3.78) (30.60)

Fair value gain on financial instruments at FVTPL

- (2.66)

(Profit)/loss on sale of property, plant and equipment (net)

(0.16) 2.35

Profit on sale of mutual funds

(1.45) (1.64)

Operating profit before working capital changes

182.83 420.40

Working capital adjustments:

Decrease/(increase) in trade receivables

335.20 (31.25)

Decrease in inventories

243.57 217.82

Decrease in loans

0.22 0.63

Decrease in other financial assets

23.16 53.91

(Increase) in other assets

(63.55) (24.38)

(Increase) in trade payables

112.56 6.73

Decrease in Other current liabilities

(441.08) (859.76)

Increase/(decrease) in financial liabilities

29.97 (30.00)

Increase in Provisions

1.10 0.87

Cash received from operations

423.98 (245.03)

Income tax paid (net)

(47.36) (80.03)

Net cash flows from operating activities

376.62 (325.06)

B. Cash flows from investing activities

Purchase of property, plant and equipment (including capital work in progress and capital advances)

(1.18) (0.58)

Purchase of intangible assets

- (0.02)

Proceeds from sale of property, plant and equipment

0.38 0.03

Loans to related parties (net of repayment)

- 94.50

Purchase of mutual funds

(45.65) (148.83)

Sale of mutual funds

105.00 95.24

Interest income received

0.36 2.82

Movement in bank deposits, not considered as cash and cash equivalents

- (17.01)

Net cash used in investing activities

58.91 26.16

C. Cash flows from financing activities

Proceeds from term loans

30.00 1,500.00

Repayment of term loans

(10.70) (1,583.81)

Proceeds/ (Repayment) of borrowings from related parties, net

(263.96) 624.87

Outflow towards principal component of lease liability

(0.99) -

Finance charges paid

(213.42) (226.50)

Net cash (used in)/flows from financing activities

(459.07) 314.56

Net (decrease)/increase in cash and cash equivalents (A + B + C)

(23.54) 15.66

Cash and cash equivalents at the beginning of the year

35.59 19.93

Cash and cash equivalents at the end of the year

12.05 35.59

Components of cash and cash equivalents

Cash and cash equivalents (as per note 11 to the financial statements)

12.05 35.59

Total cash and cash equivalents

12.05 35.59



Global Entropolis (Vizag) Private Limited
Cash Flow statement for the year ended 31 March 2020
(All amounts in ₹ millions, unless otherwise stated)

Note : Changes in financial liabilities arising from cash and non-cash changes

Liabilities	01 April 2018	Cash flow	Non-cash changes				31 March 2019
			Adjustment of processing fee	Additions on account of adoption of Ind AS 116 (*)	Adjustment for guarantee commission	Accrued interest	
Borrowings from Bank and others	1,577.30	(83.81)	(18.44)	-	(48.19)	12.63	1,439.49
Lease liability	-	-	-	-	-	-	-
Loan from related party	400.94	624.87	-	-	-	149.02	1,174.83

Liabilities	01 April 2019	Cash flow	Non-cash changes				31 March 2020
			Adjustment of processing fee	Additions on account of adoption of Ind AS 116 (*)	Adjustment for guarantee commission	Accrued interest	
Borrowings from Bank and others	1,439.49	19.30	6.07	-	11.71	1.46	1,478.03
Lease liability	-	(0.99)	-	1.28	-	0.12	0.41
Loan from related party	1,174.83	(263.96)	-	-	-	158.50	1,069.37

(*) Refer note 35

As per report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Adi P. Sethna
Partner
Membership No. : 108840

Mumbai
01 September 2020



For and behalf of the Board of Directors of Global Entropolis (Vizag) Private Limited

M. Murali
Director
DIN: 00030096

Bengaluru
01 September 2020

Bajaji R
Chief Financial Officer & Director
DIN No.: 07831896

Bengaluru
01 September 2020

D Srinivasan

D Srinivasan
Company Secretary
FCS No: F5550

Bengaluru
01 September 2020



Global Entropolis (Vizag) Private Limited
Statement of Changes in Equity for the year ended 31 March 2020
(All amounts in ₹ millions, unless otherwise stated)

A. Equity share capital

Particulars	As at 01 April 2018	Changes during the year	As at 31 March 2019	Changes during the year	As at 31 March 2020
Equity share capital	130.24	-	130.24	-	130.24
	<u>130.24</u>	<u>-</u>	<u>130.24</u>	<u>-</u>	<u>130.24</u>

B. Other equity

Particulars	Reserves and surplus			Total
	Securities premium	Retained earnings	Measurement of below market rate financials liability at fair value (*)	
Balance as at 01 April 2018	2,523.90	(2,264.67)	-	259.23
Profit for the year	-	165.12	-	165.12
Contribution made during the year (*)	-	-	58.43	58.43
Other Comprehensive loss for the year	-	(0.76)	-	(0.76)
Balance as at 31 March 2019	<u>2,523.90</u>	<u>(2,100.31)</u>	<u>58.43</u>	<u>482.02</u>
Loss for the year	-	(36.06)	-	(36.06)
Other Comprehensive Income for the year	-	0.80	-	0.80
Balance as at 31 March 2020	<u>2,523.90</u>	<u>(2,135.57)</u>	<u>58.43</u>	<u>446.76</u>

(*) Represents accounting for corporate guarantee provided by the holding company

As per report of even date

For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Adi P. Sethna
Partner
Membership No.: 108840

Mumbai
01 September 2020



For and behalf of the Board of Directors of Global Entropolis (Vizag) Private Limited

M Murali
Director
DIN: 00030096

Bengaluru
01 September 2020

Balaji R
Chief Financial Officer & Director
DIN No.: 07831896

Bengaluru
01 September 2020

D Srinivasan
Company Secretary
FCS No: F5550

Bengaluru
01 September 2020



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Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information

1 Company overview and significant accounting policies

1.1 Company overview

Global Entropolis (Vizag) Private Limited ('Global Vizag' or 'the Company') is principally engaged in developing and sale of residential townships including villas and apartments. The Company has been engaged to develop an integrated residential township in Visakhapatnam district in Andhra Pradesh. The Company was incorporated on 19 March 2008 in the state of Karnataka. The Company is a wholly owned subsidiary of Shriram Properties Limited (formerly known as Shriram Properties Private Limited).

1.2 Significant accounting policies

a. Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind-AS) as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 by Ministry of Corporate Affairs ('MCA'). The Company has uniformly applied the accounting policies during the periods presented.

The financial statements for the year ended 31 March 2020 were authorized and approved for issue by the Board of Directors on 01 September 2020.

b. Basis of preparation of financial statements

The financial statements have been prepared on going concern basis under the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, 'Share-based Payment', leasing transactions that are within the scope of Ind AS 116, 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 'Inventories', or value in use in Ind AS 36 'Impairment of assets'.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data rely as little as possible on entity specific estimates.

Level 3: Inputs for the assets or liabilities that are not based on the observable marked data (unobservable inputs)

c. Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.3.

d. New and amended standards adopted by the Company

Transition to Ind AS 116

Ind AS 116 Leases replaces the existing lease standard, Ind AS 17 leases and other interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all ongoing lease contracts existing on 01 April 2019 using the modified retrospective method prescribed in para C8(b)(ii). The right-of-use asset is recognised at the date of initial application i.e., 1 April 2019 for leases previously classified as an operating lease at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Accordingly, the comparatives have not been restated.

Company as a lessee

The Company lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(1) the contract involves the use of an identified asset

(2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(3) the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset ("ROU") representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of profit and loss

The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Company. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Amendments to Ind AS 12: Income taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events. An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. These amendments had no impact on the financial statements of the Company.



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information

Appendix C to Ind AS 12: Income taxes

Appendix C - Uncertainty over Income Tax Treatment has been inserted in Ind AS 12. The appendix C to Ind AS 12 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The amendment did not have any material impact on the financial statements of the Company.

Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019, with early application permitted. The amendment did not have any material impact on the financial statements of the Company.

e. Standards issued but not yet effective

Since there were no standard issued but not effective as at the financial statements issue date, the disclosure is not applicable.

f. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

(i) An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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

(ii) All other assets are classified as non-current.

(iii) A liability is classified as 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

(iv) All other liabilities are classified as non-current.

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

Based on the nature of service and the time between the acquisition of assets for development and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as four years for the purpose of current and non-current classification of assets and liabilities which pertain to the project and for all other assets and liabilities the Company has considered twelve months.

g. Foreign currency transactions

Functional and presentation currency

The financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

(a) Initial recognition

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

(b) Conversion

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

h. Revenue recognition

The Company has applied the following accounting policy in the preparation of its financial statements:

Revenue from contracts with customers

The Company recognises revenue from contracts with customers based on a five step model as set out in IndAS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information

Revenue from contracts with customers - cont'd

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in most of its revenue arrangements.

For projects executed through joint development arrangements, the land owner provides land and the Company undertakes to develop the project on such land. The Company has agreed to transfer a certain percentage of constructed area or certain percentage of the revenue proceeds in lieu of land owner providing land. As the Company cannot reasonably estimate the fair value of the consideration received, revenue from the development and transfer of constructed area/ revenue sharing arrangement and its corresponding project cost is being accounted based on the stand-alone selling price of the construction services provided by the Company to such land owners.

Revenue is recognised in the income statement to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

Unbilled revenue disclosed under other financial assets represents revenue recognised over and above the amount due as per payment plans agreed with the customers. Progress billings which exceed the costs and recognised profits to date on projects under construction are disclosed under other current liabilities. Any billed amount that has not been collected is disclosed under trade receivables and is net of any provisions for amounts doubtful of recovery.

Rental income

Income from rentals are recognised as an income in the statement of profit and loss on a straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

Dividend income

Income from dividends are recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Interest income

For all debt instruments measured either at amortized 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 amortized 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 but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss. The expected cash flows are revisited on a yearly basis.

Interest on delayed receipts, cancellation/forfeiture income and transfer fees from customers are recognised on accrual basis except in cases where ultimate collection is considered doubtful.

The Company recognises revenue from consultancy services like development management arrangements when the significant terms of the agreement are enforceable, services have been delivered and the collectability is reasonably assured.

i. Inventories

Properties held for development

Properties held for development represents land acquired for future development and construction, and is stated at cost including the cost of land, the related costs of acquisition and other costs incurred to get the properties ready for their intended use.

Properties under development

Properties under development represents construction work in progress which are stated at the lower of cost and net realizable value. This comprises of cost of land, construction related overhead expenditure, borrowing costs and other net costs incurred during the period of development.

Properties held for sale

Completed properties held for sale are stated at the lower of cost and net realizable value. Cost includes cost of land, construction related overhead expenditure, borrowing costs and other costs incurred during the period of development.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the

j. Property, Plant and Equipment (PPE)

Recognition and initial measurement

Properties plant and equipment are stated at their cost of acquisition. On transition to Ind AS i.e., on 01 April 2015, the Company had elected to measure all its property, plant and equipment at the previous GAAP carrying value (deemed cost). The cost comprises purchase price, borrowing cost if capitalization criteria are met, any expected costs of decommissioning and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Depreciation and useful lives

Depreciation/amortization on property, plant & equipment is provided on the straight-line method, based on the useful life of asset specified in Schedule II to the Companies Act, 2013. The Management estimates the useful lives of the assets as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013. Residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Office equipment	5 years
Furniture and fixtures	10 years
Computers	3 years
Vehicles	8 years
Leasehold improvements	3 years

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

De-recognition

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

k. Intangible assets

Recognition and initial measurement

Intangible assets (software) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent measurement (amortization)

The cost of capitalized software is amortized over a period of 3 years from the date of its acquisition on a straight line basis.



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information

l. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

The Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalization are determined by applying a capitalization rate to the expenditures on that asset.

The Company suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

m. 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 insignificant risk of changes in value.

n. Employee benefits

Defined contribution plan

The Company's contribution to provident fund is charged to the statement of profit and loss or inventorized as a part of project under development, as the case may be. The Company's contributions towards provident fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan, in accordance with Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Defined benefit plan

The Company has funded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries who use the projected unit credit method to calculate the defined benefit obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or inventorized as a part of project under development, as the case may be.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost or inventorized as a part of project under development, as the case may be.

Actuarial gain or loss arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the year in which such gain or loss arise.

Compensated absences

The Company also provides benefit of vacation pay to its employees. Liability in respect of vacation pay becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss or inventorized as a part of project under development, as the case may be in the year in which such gains or losses arise.

The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Other short-term benefits

Short-term employee benefits comprising employee costs including performance bonus is recognized in the statement of profit and loss on the basis of the amount paid or payable for the period during which services are rendered by the employee.

o. Tax expense

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax

Current tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws in the countries where the Company operates and generates taxable income.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

Current and deferred tax for the period

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

p. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information

q. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

r. Financial instruments

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

Debt Instruments

Debt instruments at amortized cost

A 'Debt instruments' is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit and loss.

Debt Instruments at fair value through other comprehensive income (FVTOCI)

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Fair value movements are recognized in other comprehensive income (OCI).

Debt instruments at Fair value through profit and loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in the scope of Ind AS 109, 'Financial Instruments', are measured at fair value. Equity instruments which are held for trading and contingent consideration has been recognized by an acquirer in a business combination to which Ind AS 103, 'Business Combinations' applies, are classified as at FVTPL.

For all other equity instruments, the Company may make an irrevocable election to present in OCI with subsequent changes in the fair value. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI.

There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

De-recognition of financial assets

A financial asset is primarily de-recognized 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.

s. Financial liabilities

Initial recognition

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

Subsequent measurement

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest

De-recognition of financial liabilities

A financial liability is de-recognized 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the

Offsetting of financial instruments

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

t. Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the statement of profit and loss.



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information

u. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

v. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the business of construction, development and sale of all or any part of housing project which is the only reportable segment. The Company operates primarily in India and there is no other significant geographical segment.

w. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated.

The loans from/to related parties are in nature of current accounts. Accordingly, receipts and payments from/to related parties have been shown on a net basis in the cash flow statement.

1.3 Significant judgements and estimates in applying accounting policies

- a. Revenue from contracts with customers - The Company has applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers.
- b. Net realizable value of inventory - The determination of net realisable value of inventory involves estimates based on prevailing market conditions, current prices and expected date of commencement and completion of the project, the estimated future selling price, cost to complete projects and selling cost.
- c. Impairment of financial assets - At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.
- d. Useful lives of depreciable/amortizable assets - Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software and other assets.
- e. Defined benefit obligation (DBO) - Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.
- f. Fair value measurements - Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.
- g. Contingent liabilities - At each balance sheet date basis the management estimate, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding guarantees and litigations. However, the actual future outcome may be different from this estimate.
- h. Recognition of deferred tax assets - The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.
- i. Evaluation of indicators for impairment of assets - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- j. Classification of leases - The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.
- k. Provisions - At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However the actual future outcome may be different from this judgement.



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

2 Property, plant and equipment

Details of the Company's property, plant and equipment and reconciliation of their carrying amounts from beginning to end of reporting year is as follows:

Particulars	Computers	Furniture & Fixtures	Vehicles	Office equipment	Electrical fittings	Right of use building (^)	Total
Gross carrying amount							
As at 1 April 2018	2.34	8.57	1.38	1.57	0.58	-	14.44
Additions	0.28	0.12	-	0.02	0.14	-	0.56
Disposals	(0.20)	(7.89)	-	(0.05)	(0.36)	-	(8.50)
As at 31 March 2019	2.42	0.80	1.38	1.54	0.36	-	6.50
Adjustments on account of adoption of Ind AS 116 (^)	-	-	-	-	-	1.28	1.28
Additions	0.10	-	0.79	0.29	-	-	1.18
Disposals	-	-	(1.07)	-	-	-	(1.07)
As at 31 March 2020	2.52	0.80	1.10	1.83	0.36	1.28	7.89
Accumulated depreciation							
As at 1 April 2018	1.44	1.34	0.35	0.70	-	-	3.83
Charge for the year	0.28	0.99	0.22	0.07	0.06	-	1.62
Disposals	(0.05)	(1.92)	-	(0.05)	(0.03)	-	(2.05)
As at 31 March 2019	1.67	0.41	0.57	0.72	0.03	-	3.40
Charge for the year	0.27	0.23	0.19	0.05	0.04	0.90	1.68
Disposals	-	-	(0.85)	-	-	-	(0.85)
As at 31 March 2020	1.94	0.64	(0.09)	0.77	0.07	0.90	4.23
Net block							
As at 31 March 2019	0.75	0.39	0.81	0.82	0.33	-	3.10
As at 31 March 2020	0.58	0.16	1.19	1.06	0.29	0.38	3.66

a. Contractual obligations

There are no contractual commitments pending for the acquisition of property, plant and equipment as at Balance Sheet date.

b. Capitalized borrowing cost

There are no borrowing costs capitalized during the year ended 31 March 2020 and 31 March 2019.

c. Details of assets pledged

No assets have been pledged as at 31 March 2020 and 31 March 2019

(^*) The Company adopted Ind AS 116, "Leases", using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability adjusted for previously recognised prepaid or accrued lease payments. Refer note 35.

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Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

3 Intangible assets

Particulars	Computer software	Total
Gross carrying amount		
As at 1 April 2018	1.97	1.97
Additions	0.02	0.02
Disposals	-	-
As at 31 March 2019	1.99	1.99
Additions	-	-
Disposals	-	-
As at 31 March 2020	1.99	1.99
Accumulated depreciation		
As at 1 April 2018	1.22	1.22
Charge for the year	0.26	0.26
Disposals	-	-
As at 31 March 2019	1.48	1.00
Charge for the year	0.08	0.08
Disposals	-	-
As at 31 March 2020	1.56	1.56
Net block		
As at 31 March 2019	0.51	0.51
As at 31 March 2020	0.43	0.43

4 Loans

a Non current

(Unsecured, considered good)

Security deposits

31 March 2020 31 March 2019

0.54 0.68

0.54 0.68

b Current

(Unsecured, considered good)

Loans to related parties (refer note 37)

Staff advance

62.38 54.24

0.91 0.99

63.29 55.23

5 Other financial assets

a Non current

Non-current bank balances (refer note 13)

Other receivables (*)

31 March 2020 31 March 2019

47.55 41.83

472.46 857.64

520.01 899.47

b Current

Advances towards joint development arrangement

Unbilled revenue

Other receivables (*)

Other advances

31 March 2020 31 March 2019

15.64 13.67

301.66 29.47

1,320.46 986.85

0.03 0.07

1,637.79 1,030.06

(*) During the year ended 31 March 2016, the Company had proportionately assigned its development right over 2.3 million square feet out of 5.1 million square feet in favour of a third party for a deferred consideration of ₹ 2,800 million. The receivable represents the consideration which will be settled over a period of 5 years through cash payment of ₹ 2,560 million which has been measured at fair value. In addition to above, the Company will receive 0.1 million square feet of constructed area in lieu of the balance consideration.



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

6 Non-current tax assets, net

Advance income tax (net of provision for taxation)

31 March 2020	31 March 2019
42.75	13.47
42.75	13.47

7 Deferred tax assets, net

Deferred tax asset arising on account of:

Carry forward of business losses

Unwinding of trade receivables

Provision made for expected credit losses

Change in measurement of revenue from real estate development (net of cost) as per Ind AS 115

31 March 2020	31 March 2019
366.76	367.87
82.42	158.91
15.11	-
9.17	6.16
473.46	532.94

During the prior years, the Company had entered into a development management contract in addition to agreement to sell for constructed properties, which is expected to generate sufficient taxable profit over the next 2 years to set-off against the carry forwarded business losses. Consequent to the above, in the previous year the Company has recorded deferred tax asset on carry forward losses and unabsorbed depreciation.

8 Other assets

a Non-current

Other advances

31 March 2020	31 March 2019
2.80	1.97
2.80	1.97

b Current

Advances to suppliers and contractors

Prepaid expenses

Other advances

Duties and taxes recoverable (*)

135.53	114.24
4.55	18.48
69.67	-
18.79	33.10
228.54	165.82

(*) Amount paid under protest amounting to ₹ 8.53 million as at 31 Mar 2020 (31 March 2019 - ₹ 6.89 million)

9 Inventory (*)

Raw materials

Properties held for development

Properties under development (^)

Properties held for sale

31 March 2020	31 March 2019
37.63	59.48
11.92	6.61
1,795.92	2,022.95
15.17	15.17
1,860.64	2,104.21

(*) Details of assets pledged as per note 31

(^) Includes, constructed built area of 0.1 million receivable under assignment deed in lieu of ₹ 240 million consideration. Refer note 5

Note:

- Write-down of inventories to net realisable value amounted to ₹ 251.70 million (31 March 2019: ₹ 155.27 million). This was recorded as an expense during the respective years and included in 'changes in inventories' in statement of profit and loss.
- Write-down of inventories to net realisable value amounted to . This was recorded as an expense during the year ended 31 Mar 2019 and included in 'changes in inventories' in statement of profit and loss.

10 Investments

Investment in mutual funds (quoted)

Investments carried at fair value through profit or loss (FVTPL)

Nil (previous year - 17,086) units in LIC Mutual Fund Asset Management Ltd.

31 March 2020	31 March 2019
-	57.90
-	57.90

Aggregate amount of quoted investments and market value thereof

Aggregate amount of unquoted investments

Aggregate amount of impairment in value of investments

-	57.90
-	-
-	-



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

11 Trade receivables (*)

Trade receivables
Less: Provision for doubtful debts

31 March 2020	31 March 2019
437.72	772.92
(34.81)	(6.00)
402.91	766.92
Break up of security details	
285.97	772.92
151.75	-
-	-
(34.81)	(6.00)
402.91	766.92

Break up of security details

Trade receivables considered good - secured
Trade receivables considered good - Unsecured
Receivables which have significant increase in credit risk
Credit impaired

(*) Details of assets pledged as per note 31

12 Cash and cash equivalents (*)

Cash on hand
Balances with banks
In current accounts

31 March 2020	31 March 2019
0.15	0.07
11.90	35.52
12.05	35.59

Note:

As at 31 March 2020, the Company had available ₹ 1,470 millions (31 March 2019- ₹ 1,500 millions) of undrawn committed borrowing facilities.

(*) Details of assets pledged as per note 31

13 Other bank balances

Deposits with maturity for more than 12 months
Deposits with maturity for more than 3 months but less than 12 months (*)

31 March 2020	31 March 2019
47.55	41.83
5.93	8.45
53.48	50.28
(47.55)	(41.83)
5.93	8.45

Amount disclosed under non-current assets (refer note 5a)

(*) Held as lien against letter of credit and bank guarantees. Refer note 31



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

14 Equity share capital

Authorized share capital

Equity shares of face value of ₹10 each

Class A equity shares

Class B equity shares

Class C equity shares

31 March 2020		31 March 2019	
Number	Amount	Number	Amount
1,30,25,000	130.25	1,30,25,000	130.25
65,95,000	65.95	65,95,000	65.95
25,00,000	25.00	25,00,000	25.00
2,21,20,000	221.20	2,21,20,000	221.20

Issued, subscribed and fully paid-up shares

Equity share capital of face value of ₹10 each

Class A equity shares of ₹10 each

1,30,24,000	130.24	1,30,24,000	130.24
1,30,24,000	130.24	1,30,24,000	130.24

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

Class A

Balance at the beginning of the year

Change during the year

Outstanding at the end of the year

31 March 2019		31 March 2019	
Number	Amount	Number	Amount
1,30,24,000.00	130.24	1,30,24,000.00	130.24
-	-	-	-
1,30,24,000.00	130.24	1,30,24,000.00	130.24

b. Terms/rights attached to equity shares

The Company has three class of equity shares, viz. Class A, B and C, having a par value of ₹10 per share. Class A equity shares is having a voting rights of one vote per equity. Class B equity shares having no voting rights but entitled to dividends and with put option for buy back. Class C equity shares has no voting rights but entitled to dividends. 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 any of the remaining assets of the Company in proportion of their holdings in accordance with the shareholders agreement.

c. Details of shareholders holding more than 5% shares in the company

Name	31 March 2019		31 March 2019	
	Number	% holding in the class	Number	% holding in the class
Class A equity shares				
Shriram Properties Limited (#)	1,30,24,000.00	100%	1,30,24,000.00	100%
(#) (Including 10 shares held by nominee shareholder)				

d. Aggregate number of bonus shares issued and shares issued for consideration other than cash during the year of five years immediately preceding the reporting date:

The Company has not issued any bonus shares during five years immediately preceding 31 March 2020

e. During the financial year 2017-18, 6,593,000 class B equity shares of Rs.10 each and 2,490,000 class C equity shares of Rs.10 each of were extinguished on buy back by the Company pursuant to special resolution dated 24 November 2017 and vide National Company Law tribunal order dated 26 March 2018

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Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

15 Other equity

Securities premium
Measurement of below market rate financials liability at fair value (*)
Retained earnings

31 March 2020	31 March 2019
2,523.90	2,523.90
58.43	58.43
(2,135.57)	(2,100.31)
446.76	482.02

Nature and purpose of reserves

Securities premium

Securities premium reserve is created to record the premium received over and above the face value of shares at the time of issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

(*) Represents accounting for corporate guarantee provided by the holding company

16 Borrowings

a Non-current

Term loans (Secured)

From others
Less: Current maturities for long term debt

31 March 2020	31 March 2019
1,478.03	1,439.49
(216.66)	(12.63)
1,261.37	1,426.86

b Current

Unsecured loans

Loan from related parties (refer note 37)

1,069.37	1,174.83
1,069.37	1,174.83
2,330.74	2,601.69

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Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

16. Borrowings (Continued)

SI.No	Particulars	Nature of security	Repayment details	31 March 2020	31 March 2019
Non-Current Borrowings					
Term loans from Others (Secured)					
i.	LIC Housing Finance Limited	(i) Repayable in 30 monthly instalments after a moratorium period of 30 months starting October 2018 or			
		(ii) after receipt of cumulative sales of ₹ 9,370 million, at least 30% of sale proceeds shall be adjusted towards repayment of principal dues without prepayment charges from all future receivables (Tied or untied)			
				1,533.39	1,512.63
				(18.88)	(24.95)
				(36.48)	(48.19)
				<u>1,478.03</u>	<u>1,439.49</u>
				14.10%	13.50% to 14.10%
Current Borrowings					
Unsecured loans					
i.	Shriram Properties Limited (formerly known as Shriram Properties Private Limited)			1,069.37	1,174.83
				<u>1,069.37</u>	<u>1,174.83</u>
				16.00%	16.00%

The effective interest rates per annum is



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

17 Trade payables

Due to Micro and Small Enterprises
Dues to creditors other than micro enterprises and small enterprises

31 March 2020	31 March 2019
5.09	1.23
306.90	201.98
311.99	203.21

Disclosures of dues to Micro, Small and Medium enterprises

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors. The Company has not received any claim for interest from any supplier under the said Act.

Particulars

	31 March 2020	31 March 2019
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	5.09	1.23
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting	-	-
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

18 Other financial liabilities

a Non-current

Security Deposits

31 March 2020	31 March 2019
1.02	-
1.02	-

b Current

Refund due to customers
Corpus and maintenance
Current Maturities for long term debt (refer note 16)
Other payables
Lease Liability

63.43	47.89
22.24	24.34
216.66	12.63
54.67	39.16
0.41	-
357.41	124.02

19 Provisions

a Non-current

Provision for employee benefits
Gratuity

31 March 2020	31 March 2019
3.90	3.77
3.90	3.77

b Current

Provision for employee benefits
Gratuity
Compensated absense

0.52	0.41
1.34	1.28
1.86	1.69

20 Other current liabilities

Advances received from customers
Statutory dues payable
Payable to land owner (*)
Other payables (**)

31 March 2020	31 March 2019
1,347.25	1,749.54
30.79	23.21
48.93	95.30
240.00	240.00
1,666.97	2,108.05

(*) Representing the Company's obligation under the joint development agreement

(**) Includes ₹ 240 million (31 March 2019 - ₹ 240 million) payable towards construction of apartments measuring 0.1 million square feet in accordance with the assignment deed with ICONICA Projects, which is transferrable to land owner



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
21 Revenue from operations		
Proceeds from sale of constructed properties	687.72	1,000.49
Other operating income		
Development management fees (*)	269.46	274.34
Marketing services (**)	-	35.77
Administrative fees (**)	-	26.10
	957.18	1,336.70

(*) In the earlier years, the Company has entered into a Development Management Agreement ("DMA") with an independent customer for the purpose of developing a commercial project on such terms and conditions contained therein. As the Company's obligation under the DMA involves multiple performance obligations such as obtaining project related approvals, property management consultancy (PMC) services and leasing, the Company has allocated the transaction price among the underlying performance obligations in accordance with Ind AS 115, Revenue from contracts with customers ("the Standard").

As the services from project management services are rendered over time, during the current year, the Company has recognized INR 269 million as revenue from property management consultancy service based on percentage of completion achieved till reporting date which is measured using output method permitted under the Standard. The Company's right to receive consideration for property management consultancy service is independent of leasing obligation and accordingly, there is no uncertainty regarding collectability as at reporting date.

Development management fees recognised in the previous year represents, income for securing the lease contracts on behalf of the customer.

(**) During the year ended 31 March 2016, the Company had proportionately assigned its development right over 2.3 million square feet out of 5.1 million square feet in favour of a third party for a deferred consideration of ₹ 280 million. The above consideration will be settled over a period of 5 years through cash payment of ₹ 256 million, which has been measured at fair value. In addition to above the Company will receive 0.1 million square feet of constructed area in lieu of the balance consideration. During the previous year, the Company has recognised revenue of ₹ 35.77 million towards marketing services provided. The consideration towards administration facilities provided by the Company from October 2017 was fixed at ₹ 1.45 million per month, which was recognised in previous year.

22 Other income	Year ended 31 March 2020	Year ended 31 March 2019
Unwinding of discount of trade receivables	243.74	235.00
Liabilities no longer required written back	3.78	30.60
Fair value gain on financial instruments at FVTPL	-	2.66
Profit on sale of fixed assets	0.16	-
Profit on sale of mutual funds	1.45	1.64
Miscellaneous	1.08	1.74
	250.21	271.64

23 Material and contract cost	Year ended 31 March 2020	Year ended 31 March 2019
Material and contract cost	359.70	520.21
	359.70	520.21

24 Changes in inventories	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the beginning of the year		
Properties held for development	6.61	0.00
Properties under development	2,022.95	2,235.65
Properties held for sale	15.17	67.36
	2,044.73	2,303.01
Inventory at the end of the year		
Properties held for development	11.92	6.61
Properties under development	1,795.92	2,022.95
Properties held for sale	15.17	15.17
	1,823.01	2,044.73
	221.72	258.28



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

25 Employee benefits expense (*)

Salaries, wages and bonus
Contribution to provident fund and other funds (refer note 38B)
Gratuity expenses (refer note 38A)
Staff welfare

Year ended 31 March 2020	Year ended 31 March 2019
36.67	36.68
2.78	2.72
1.04	0.94
1.79	2.13
42.28	42.47

(*) Includes employee benefit expense inventorised amounting to ₹ 23.65 million (31 March 2019- ₹20.94 million).

26 Finance expense, net (*)

Finance expense:

Interest

- on term loans
- on loan from related party
- on delayed remittance of advance tax

Loan and other processing charges

Guarantee commission expense

Others

Year ended 31 March 2020	Year ended 31 March 2019
212.61	178.81
158.50	149.02
-	3.64
6.07	11.81
11.71	10.24
2.39	23.56
391.28	377.08

Finance income:

Bank deposits

Unwinding of discount relating to refundable security deposits

Interest income on loan given to related party

3.56	3.72
1.97	0.29
8.14	7.18
13.67	11.19
377.61	365.89

Finance expense, net

(*) Includes finance expense inventorised amounting to ₹ 388.89 million (31 March 2019 - ₹ 282.45 million)

27 Depreciation and amortization

Depreciation of tangible assets (refer note 2)

Amortisation of intangible assets (refer note 3)

Year ended 31 March 2020	Year ended 31 March 2019
1.68	1.62
0.08	0.26
1.76	1.88

28 Other expenses

Repairs and maintenance to buildings

Legal and professional (*)

Travel and conveyance

Rent (refer note 35)

Rates and taxes

Communication costs

Advertising and sales promotion

Compensation paid to customers (#)

Provision for bad and doubtful debts

Provision for expected credit loss

Power and fuel

Printing and stationery

Loss on sale of fixed assets

Miscellaneous expenses

Year ended 31 March 2020	Year ended 31 March 2019
1.57	12.02
8.55	37.44
2.14	2.55
0.28	1.59
11.82	3.25
1.01	0.92
39.62	25.80
82.34	4.96
10.00	6.00
18.81	-
0.58	0.41
0.58	0.79
-	2.35
3.24	0.74
180.54	98.82

(*) Payment to auditor (on accrual basis, excluding GST)

As auditor:

Statutory audit

Reimbursement of expenses

1.80	1.85
0.01	0.10
1.81	1.95

(#) Represents the compensation liability accrued in accordance with the terms of agreements entered with customer and the provisions of the real estate regulations prevailing in the state of Andhra Pradesh, with respect to delay in delivering the possession of flats to customers



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29 Tax expense

A. Tax expense comprises of:

Current tax (includes income tax relating to prior years Nil (31 March 2019: ₹ 1.24

Deferred tax

Income tax expense reported in the statement of profit and loss

Year ended 31 March 2020	Year ended 31 March 2019
0.36	30.32
59.48	118.74
59.84	149.06

B. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% and the reported tax expense in profit or loss are as follows:

Accounting profit before income tax

Effective tax rate in India

Expected tax expense

Tax relating to previous year

Unrecorded deferred tax asset on carry forward losses and other temporary differences

On account of permanent difference

MAT credit not created

Difference in rates of income tax and deferred tax

Reversal of deferred tax asset recognised in earlier years due to change in effective tax rate

Others

Income tax expense

	23.78	314.18
25.17%		27.82%
5.98		87.40
-		1.24
1.23		1.39
0.47		1.29
-		28.83
-		29.09
50.80		-
1.36		(0.19)
59.84		149.06

C. Recognised deferred tax assets and liabilities

Refer note 7

D. Income tax rate change

Pursuant to introduction of new tax regime as introduced by the Taxation Laws (Amendment) Act, 2019 which provides an option to the Company for paying income tax at reduced rates as per the provisions/ conditions defined in the newly inserted Section 115BAA in the Income-tax Act, 1961. The Company has exercised the option to adopt lower tax rate, consequently the Company has applied the lower income tax rates for the purpose of determining income tax liability for the year.

30 Earnings per share (EPS)

Weighted average number of shares outstanding

Net profit after tax attributable to equity shareholders

Earnings per share (₹):

Basic and diluted

Nominal value - Rupees (₹) per equity share

Year ended 31 March 2020	Year ended 31 March 2019
1,30,24,000	1,30,24,000
(36.06)	165.12
(2.77)	12.68
10	10

31 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current

Current

Financial assets

First charge

Trade receivables (*)

Unbilled revenue (*)

Other receivables

Bank Balances In current accounts

Non-financial assets

First charge

Inventories

Total current assets pledged as securities

Non-current

Financial assets

First charge

Other financial assets

Total non-current assets pledged

Total assets pledged as security

31 March 2020	31 March 2019
402.91	766.92
301.66	29.47
1,320.46	986.85
5.93	8.45
1,860.64	2,104.21
3,891.60	3,895.90
47.55	41.83
47.55	41.83
3,939.15	3,937.73

*DM Fees Receivable (billed and unbilled) from Gateway Office Parks Private Limited - ₹354.73 million is pledged as against the loan availed by the holding company.



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32 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2020 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
Financial assets :						
Investments	10	-	-	-	-	-
Trade receivables	11	-	-	402.91	402.91	402.91
Loans	4a, 4b	-	-	63.83	63.83	63.83
Cash and cash equivalents including other bank balances	12, 13	-	-	65.53	65.53	65.53
Other financial assets	5b	-	-	2,110.25	2,110.25	2,110.25
Total financial assets				2,642.52	2,642.52	2,642.52
Financial liabilities :						
Borrowings (*)	16	-	-	2,547.40	2,547.40	2,547.40
Trade payables	17	-	-	311.99	311.99	311.99
Other financial liabilities	18	-	-	141.77	141.77	141.77
Total financial liabilities				3,001.16	3,001.16	3,001.16
The carrying value and fair value of financial instruments by categories as at 31 March 2019 were as follows :						
Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
Financial assets :						
Investments	10	57.90	-	-	57.90	57.90
Trade receivables	11	-	-	766.92	766.92	766.92
Loans and advances	4a, 4b	-	-	55.91	55.91	55.91
Cash and cash equivalents including other bank balances	12, 13	-	-	85.87	85.87	85.87
Other financial assets	5b	-	-	1,887.70	1,887.70	1,887.70
Total financial assets		57.90		2,796.40	2,854.30	2,854.30
Financial liabilities :						
Borrowings (*)	16	-	-	2,614.32	2,614.32	2,614.32
Trade payables	17	-	-	203.21	203.21	203.21
Other financial liabilities	18	-	-	111.39	111.39	111.39
Total financial liabilities				2,928.92	2,928.92	2,928.92

(*) including current maturities of long term debt

i. Notes to financial instruments

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.
The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.



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32 Financial instruments (cont)

ii. Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability

Investment in mutual funds

The fair values of mutual funds are measured with reference to the fair value of the underlying assets.

The following table shows the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 March 2020 and 31 March 2019:

As at 31 March 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in mutual funds	-	-	-	-
Total financial assets	-	-	-	-
Financial liabilities				
Financial liabilities	-	-	-	-
Total financial liabilities	-	-	-	-
As at 31 March 2019				
Financial Assets				
Investment in mutual funds	57.90	-	-	57.90
Total financial assets	57.90	-	-	57.90
Financial liabilities				
Financial liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

iii. Investment in Mutual Fund

The fair value of mutual funds are measured with reference to fair value of underlying asset.



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33 Financial risk management

Financial risk factors

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortized cost	Ageing analysis
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts
Market risk – Interest rate	Long-term borrowings at variable rates	Sensitivity analysis

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such interest rate risk, credit risk and investment of excess liquidity.

a. Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortized cost and deposits with banks and financial institutions.

Credit risk management

The Company assesses and manages credit risk of financial assets based on the following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

i) Low credit risk

ii) High credit risk

The Company provides for expected credit loss based on the following:

Asset Group	Description	Provision for expenses credit loss (*)	31 March 2020	31 March 2019
Low credit risk	Cash and cash equivalent, other bank balances, trade receivables, loans, other financial assets	12 months expected credit loss/life time expected credit loss	2,607.71	2,848.30
High credit risk	Trade receivables	Life time expected credit loss or fully provided for	34.81	6.00

(*) A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

Credit risk exposure

Provision for expected

The company provides for expected credit loss based on 12 month and lifetime expected credit loss basis for following financial assets:

31 March 2020

Particulars	Estimated gross carrying amount	Expected credit losses	Carrying amount net of impairment provision
Financial Assets			
Loans	63.83	-	63.83
Other financial assets	2110.25	-	2,110.25
Investments	0.00	-	-
Trade receivables	437.72	34.81	402.91
Cash and cash equivalents	59.60	-	59.60
Bank balances other than above	5.93	-	5.93

31 March 2019

Particulars	Estimated gross carrying amount	Expected credit losses	Carrying amount net of impairment provision
Financial Assets			
Loans	55.91	-	55.91
Other financial assets	1,887.70	-	1,887.70
Investments	57.90	-	57.90
Trade receivables	772.92	6.00	766.92
Cash and cash equivalents	77.42	-	77.42
Bank balances other than above	8.45	-	8.45



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33 Financial risk management (cont'd)

Expected credit loss for trade receivables under simplified approach

Trade receivables are secured in a form that registry of sold residential/commercial units is not processed till the time the Company does not receive the entire payment. Hence, as the Company does not have significant credit risk, it does not present the information related to ageing pattern. The Company has widespread customer base and no single customer accounted for 10% or more of revenue in any of the years indicated.

During the periods presented, the Company made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Particulars	31 March 2020	31 March 2019
Opening balance	6.00	-
Add: Expected credit loss recognised	28.81	6.00
Less: Expected credit loss reversed	-	-
Closing balance	34.81	6.00

b. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2020	Less than 1 year	1 years to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	1,494.31	1,510.12	-	3,004.43
Trade payables	245.47	66.52	-	311.99
Other financial liabilities	140.75	-	-	140.75
Total	1,880.54	1,576.64	-	3,457.17
31 March 2019	Less than 1 year	1 years to 5 years	5 years and above	Total
Non-derivatives				
Borrowings	1,398.92	1,896.56	-	3,295.48
Trade payables	137.10	66.11	-	203.21
Other financial liabilities	111.39	-	-	111.39
Total	1,647.41	1,962.67	-	3,610.08

c. Interest rate risk

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

	31 March 2020	31 March 2019
Variable rate borrowing (*)	1,533.39	1,512.63
Fixed rate borrowing	1,069.37	1,174.83
Total borrowings	2,602.76	2,687.46

(*) Excludes adjustment of unamortised processing fees and guarantee commission

Interest rate risk

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31 March 2020	31 March 2019
Interest rates – increase by 50 basis points (50 bps)	(7.54)	(5.56)
Interest rates – decrease by 50 basis points (50 bps)	7.54	5.56

d. Price risk

The Company's exposure to price risk arises from investments held in mutual funds. To manage the price risk, the Company diversifies its portfolio.

Sensitivity

Profit or loss is sensitive to higher/lower prices of instruments on the Company's profits for the years.

Particulars	31 March 2020	31 March 2019
Price increase by 5% - FVTPL	-	2.90
Price decrease by 5% - FVTPL	-	(2.90)



34 Capital Management

The Company's objectives when managing capital are to:

Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors its capital using gearing ratio, which is net debt divided by total equity. Net debt includes long term borrowings, short term borrowings, current maturities of long term borrowings less cash and cash equivalents and other bank balances.

Particulars	31 March 2020	31 March 2019
Non-current borrowings	1,261.37	1,426.86
Current maturities of long term borrowings and finance lease obligations	216.66	12.63
Current borrowings	1,069.37	1,174.83
Less: Cash and cash equivalents	(12.05)	(35.59)
Less : Bank balances other than cash and cash equivalents	(53.48)	(50.28)
Net debt	2,481.87	2,528.45
Total equity	577.00	612.26
Gearing ratio	4.30	4.13

(i) Equity includes all capital and reserves of the Company that are managed as capital

(ii) Debt is defined long term borrowings, short term borrowings and current maturities of long-term borrowings

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020 and 31 March 2019.

35 Leases

Following are the changes in the carrying value of right of use assets for the year ended 31 March 2020

Particulars	ROU asset Buildings
Gross block as on 01 April 2019	-
Impact on account of adoption of Ind AS 116	1.28
Depreciation for the year	(0.90)
Gross block as on 31 March 2020	0.38

The following is the movement in lease liabilities during the year ended 31 March 2020

Particulars	Lease liability
As on 01 April 2019	-
Additions on account of adoption of Ind AS 116	1.28
Finance cost accrued during the year	0.12
Payment of lease liabilities	(0.99)
As on 31 March 2020	0.41
Current	0.41
Non-current	-

The incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 13%

Lease liabilities:

The maturity analysis of lease liabilities are disclosed below:

Not later than one year	0.41
Later than one year and not later than five year	-
Later than five years	-
Total	0.41

The following are the amounts recognised in profit & loss

Depreciation expense of right-of-use assets	0.90
Interest expense on lease liabilities	0.12
Expense relating to short-term leases	0.28
Expense relating to leases of low-value assets	-
Variable lease payments	-
Total amount recognised in profit or loss	1.30

36 Contingent Liabilities and Commitments : (to the extent not provided for)

(i) Contingent Liabilities shall be classified as:

(a) Claims against the company not acknowledged as debt :

(i) Demand from Service Tax Department (*)

	31 March 2020	31 March 2019
	13.94	168.39

(*) Amount paid under protest amounting to ₹5.4 million as at 31 March 2020 (31 March 2019 - ₹6.89 million)



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37 Related party transactions

Name of the related party and description of relationship

- (i) **Parties exercising control**
Name **Nature of relationship**
Shriram Properties Limited Holding company
- (ii) **Key management personnel**
Murali M Director
Vaidyanathan Ramamurthy Director
Balaji R Chief Financial Officer & Director
- (iii) **Other related party**
Shriprop Constructors Private Limited Fellow subsidiary
SPL Sheltors Private Limited Fellow subsidiary
- (iv) **Balances with related parties**

Particulars	31 March 2020			31 March 2019		
	Holding Company	Other related parties	KMP	Holding Company	Other related parties	KMP
Shriprop Constructors Pvt Ltd						
Loans given	-	8.84	-	-	7.69	-
SPL Sheltors Private Limited						
Loan given	-	53.54	-	-	46.55	-
Shriram Properties Limited						
Loan taken	1,069.37	-	-	1,174.83	-	-
Corporate guarantee received	3,000.00	-	-	3,000.00	-	-
Mr. R Balaji						
Staff advances	-	-	0.05	-	-	0.80

(v) **Transactions during the year**

Related party and transaction	31 March 2020			31 March 2019		
	Holding Company	Other related parties	KMP	Holding Company	Other related parties	KMP
Mr. R Balaji						
Settlement of advance	-	-	0.75	-	-	-
Remuneration/perquisites Paid	-	-	-	-	-	0.56
Shriram Properties Limited						
Loan Taken	270.85	-	-	846.23	-	-
Repayment of Loan	376.31	-	-	72.34	-	-
Guarantee received	-	-	-	3,000.00	-	-
Guarantee extinguished	-	-	-	1,300.00	-	-
Interest Expense	158.50	-	-	149.02	-	-
Guarantee commission expense	11.71	-	-	10.24	-	-
SPL Sheltors Private Limited						
Loan given	-	6.99	-	-	6.07	-
Interest Income	-	6.99	-	-	6.07	-
Shriprop Constructors Pvt Ltd						
Loan given	-	1.15	-	-	1.11	-
Loan repaid	-	-	-	-	94.50	-
Interest income	-	1.15	-	-	1.11	-

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38A Defined benefit plan

The Company has gratuity and vacation pay as defined benefit retirement plans for its employees. The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. As at 31 March 2020 and 31 March 2019 the plan assets were invested in insurer managed funds.

The following tables set out the funded status of gratuity plans and the amount recognized in Company's financial statements :

	31 March 2020	31 March 2019
	Gratuity	Gratuity
1 The amounts recognized in the Balance Sheet are as follows:		
Present value of the obligation as at the end of the year	4.95	4.71
Fair value of plan assets as at the end of the year	(0.53)	(0.53)
Net liability recognized in the Balance Sheet	4.42	4.18
2 Changes in the present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	4.71	4.43
Service cost	0.76	0.79
Interest cost	0.32	0.28
Actuarial losses/(gains) arising from		
- change in demographic assumptions	-	(0.06)
- change in financial assumptions	0.18	0.08
- experience variance (i.e. Actual experiences assumptions)	(0.95)	0.72
Benefits paid	(0.07)	(1.53)
Others	-	-
Defined benefit obligation as at the end of the year	4.95	4.71
3 Changes in the fair value of plan assets		
	31 March 2020	31 March 2019
Fair value as at the beginning of the year	0.53	1.96
Return on plan assets	0.04	0.12
Actuarial (losses)/gains	0.03	(0.02)
Contributions	-	-
Benefits paid	(0.07)	(1.53)
Others	-	-
Fair value as at the end of the year	0.53	0.53
Non-current	3.90	3.77
Current	0.52	0.41
Assumptions used in the above valuations are as under:		
Discount rate	6.81%	7.79%
Expected return on plan assets	6.81%	7.79%
Future salary increase	8.00%	8.80%
Attrition rate	2.00%	2.00%
Retirement age	60 years	58 years
4 Net gratuity cost for the year ended 31 March 2020 and year ended 31 March 2019 comprises of following components.		
	31 March 2020	31 March 2019
Service cost	0.76	0.79
Net interest cost on the net defined benefit liability	0.28	0.15
Components of defined benefit costs recognized in Statement of Profit and Loss	1.04	0.94
5 Other Comprehensive Income		
	31 March 2020	31 March 2019
Change in financial assumptions	(0.18)	(0.08)
Experience variance (i.e. Actual experience vs assumptions)	0.95	(0.72)
Return on plan assets, excluding amount recognized in net interest expense	0.03	(0.02)
Change in demographic assumption	-	0.06
Components of defined benefit costs recognized in other comprehensive income	0.80	(0.76)
6 Experience adjustments		
	31 March 2020	31 March 2019
Defined benefit obligation as at the end of the year	4.95	4.71
Plan assets	0.53	0.53
Surplus/(deficit)	4.42	4.18
Experience adjustments on plan liabilities	(0.95)	0.72
Experience adjustments on plan assets	0.03	(0.02)
7 Maturity Profile of Defined Benefit obligation		
	31 March 2020	31 March 2019
a) Year (1)	0.08	0.12
b) Year (2)	0.22	0.05
c) Year (3)	0.09	0.15
d) Year (4)	0.21	0.07
e) Year (5) onwards	14.13	16.50
	14.65	16.89

38B Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. This is a defined contribution and contribution made was ₹2.78 million for the year ended 31 March 2020 (31 March 2019- ₹ 2.72 million).



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38C Sensitivity Analysis

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (for example, increase in the maximum liability on gratuity of ₹ 2 million)

Investment risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment

Asset liability mismatching or market risk: The duration of the liability is longer compared to duration of assets exposing the company to market risks for volatilities/fall in interest rate.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Gratuity	31 March 2020		31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (+ / - 1%)	13.61%	16.57%	14.88%	12.32%
Salary Growth Rate (- / + 1%)	14.79%	12.96%	11.99%	13.27%
Attrition Rate (+ / - 1%)	2.42%	0.08%	2.47%	2.14%

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior period.

39 Corporate social responsibility expenses

As per Section 135 of the Companies Act, 2013, a CSR committee has been constituted by the Company. The areas of CSR activities are promoting education, art, culture, healthcare and ensuring environmental sustainability, destitute care and rehabilitation and rural development.

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
a) Gross amount required to be spent by the Company during the year	1.50	-
b) Amount spent during the year for purposes other than construction/acquisition of any asset		
- Paid	1.50	-
- Yet to be paid	-	-

40 Segmental information

The Company is principally engaged in providing infrastructure services which includes developing and sale of residential townships including villas & apartments and commercial property development management services, which is considered to be the only reportable business segment as per Ind AS 108, 'Segment Reporting'. The Company operates primarily in India and there is no other significant geographical segment. The company has widespread customer base and no single customer accounted for 10% or more of revenue in any of the years indicated and hence the Company does not have any concentration risk.

41 Material reclassifications

Certain previous year numbers have been regrouped/reclassified to conform to the current year's classification, as below:

Particulars	31 March 2019 (Reported)	Reclassifications	31 March 2019 (Reclassified)
Balance Sheet			
Assets			
Other financial assets (Non-current)	1,886.32	(986.85)	899.47
Other financial assets (Current)	43.21	986.85	1,030.06
Inventories	1,864.21	240.00	2,104.21
Trade receivables	1,118.67	(351.75)	766.92
	<u>4,912.41</u>	<u>(111.75)</u>	<u>4,800.66</u>
Liabilities			
Other current liabilities	2,219.80	(111.75)	2,108.05
	<u>3,770.68</u>	<u>-</u>	<u>1,550.88</u>



42 Disclosures mandated under IndAS 115

A. Contract balances

The following table provides information about receivables and contract liabilities from contract with customers:

Particulars	As at 31 March 2020	As at 31 March 2019
Contract assets		
Unbilled revenue	301.66	29.47
Total contract assets	301.66	29.47
Contract liabilities		
Advance from customers	1,347.25	1,749.54
Payable to land owners	48.93	95.30
Total contract liabilities	1,396.18	1,844.84
Receivables		
Trade receivables	402.91	766.92
Total receivables	402.91	766.92

Contract asset is the right to consideration that is conditional upon factors other than the passage of time. Contract assets are initially recognised for revenue earned from property under development rendered but yet to be billed to customers. Upon billing of invoice, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liabilities include amount received from customers as per the installments stipulated in the buyer agreement to deliver properties, once the properties are completed and control is transferred to customers.

B. Significant changes in the contract liabilities balances during

Particulars	As at 31 March 2020		As at 31 March 2019	
	Contract liabilities		Contract liabilities	
	Advances from customers	Payable to land owner	Advances from consumers	Payable to land owner
Opening balance	1,749.54	95.30	2,411.15	204.75
Addition during the year	209.27	-	226.06	-
Revenue recognised during the year	(611.56)	(46.37)	(887.67)	(109.45)
Closing balance	1,347.25	48.93	1,749.54	95.30

C. Reconciliation of revenue recognised with contract revenue:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Contract revenue	957.18	1,336.70
Revenue recognised	957.18	1,336.70

D. The performance obligation of the Company in case of sale of residential apartments, villas and commercial office space is satisfied once the project is completed and control is transferred to the customers. The customer makes the payment for contracted price as per the instalment stipulated in the customers' Agreement. The transaction price of the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2020 is ₹ 1,273.87 (31 March 2019 : ₹ 1,661.34) million. The same is expected to be recognised within 1 to 4 years.

E. Significant changes in the contract assets balances during the year are as follows:

Particulars	Unbilled Revenue	
	As at 31 March 2020	As at 31 March 2019
Opening balance	29.47	-
Revenue recognised from sale of constructed properties	29.79	3.37
Development Management income recognised	269.46	274.34
Marketing services fees recognised	-	35.77
Administrative fees recognised	-	26.10
Amount billed during current period	(27.06)	(310.11)
Closing Balance	301.66	29.47



Global Entropolis (Vizag) Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions, unless otherwise stated)

- 42 World Health Organisation (WHO) declared outbreak of Corona virus Disease (COVID-19) a global pandemic on 11 March 2020. Consequent to this, the Government of India declared national wide lockdown on 25 March 2020 and the Company suspended the operations in all ongoing project in compliance with the lockdown instructions issued by the Central and respective State Governments. COVID-19 has impacted the normal business operations of the Company by way of interruption in project execution, supply chain disruption and unavailability of personnel during the lockdown period.

The Company has made detailed assessment of its liquidity position and going concern, recoverability and carrying value of its financial and non-financial assets. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these consolidated financial statement.

The Central and State Governments have initiated steps to lift the lockdown and the Company has resumed its operations gradually. The Company will continue to monitor any material changes to future economic conditions.

43 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2020 and the date of authorization of these financial statements.

as per report of even date

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Adi P. Sethna
Partner
Membership No. : 108840

Mumbai
01 September 2020



For and behalf of the Board of Directors of Global Entropolis (Vizag) Private Limited

M Murali
Director
DIN: 00030096

Bengaluru
01 September 2020

Balaji R
Chief Financial Officer & Director
DIN No.: 07831896

Bengaluru
01 September 2020

D Srinivasan
Company Secretary
FCS No: F5550

Bengaluru
01 September 2020

