

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GMR POCHANPALLI EXPRESSWAYS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **GMR POCHANPALLI EXPRESSWAYS LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note no. 4(a) & 4(b) to the accompanying standalone financial statements, with regard to investment in compulsorily convertible debentures (CCD's) and loan receivable from Kakinada SEZ Limited (KSEZ) amounting to Rs.3,307.12 Lakhs and Rs.3,849.45 Lakhs (before modification loss of Rs.333.97 Lakhs) respectively. The consideration for sale of CCD's includes contingent considerations of Rs.3,147.85 Lakhs will be paid on milestone basis. The recoverability of such Investment and Loan is dependent on receipt of the contingent consideration post achievement of the milestones as detailed in the aforementioned note, the achievement of which in their inherent nature are uncertain.

Our opinion is not modified in respect of above matter.

Contd...2



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

a. Provision for periodic major maintenance

Provision for periodic major maintenance of project roads requires technical evaluations and critical accounting estimates and judgments.

We have obtained an assurance over the appropriateness of management's assumptions and methods applied in the calculating the provision for periodic major maintenance by carrying out the following procedures, amongst others:

- Obtained the management's calculation of the provision for periodic major maintenance of project roads which is made in accordance with technical evaluation and the Company's policy and checked the assumptions made by the management and discussed with its technical team.
- We have perused agreement entered between the parties concerned for major maintenance.
- We have also considered the appropriateness of the provision based on the Company's historical experience by evaluating the managements' assumptions against provision for periodic major maintenance of project roads with reference to historical track record.
- Performed discussion with those charged with governance with regard to the significant management judgement that has been considered in assessing appropriateness and adequacy of the provision made in books in this regard.
- Ensured appropriateness of the disclosures in the standalone financial statements in accordance with the relevant requirements of Ind As.

Contd...3



-3-

b. Loans and advances to the Group Companies including fellow subsidiaries and holding Companies

The Company's loans and advances to the Group Companies amounting to Rs.26,228.57 Lakhs, represents 36.04% of total assets. The evaluation of the recoverable amount of these assets requires significant estimates and key assumptions supporting the expected future cash flows from these assets. In this regard :

- We obtained an understanding of the process for identifying group company loans, performed a walkthrough and verified the related documentation.
- We have obtained the note on creditworthiness of the borrower companies and the financials of the Group Companies along with other supporting documents and discussed with company on their assertions that the loans are good and recoverable.
- We have considered the support letter from the Holding Company, GMR Infrastructure Limited to support the borrower companies to pay the outstanding loans and interests due to the Company for mitigating the credit risk for dues from the borrower companies.

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

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon. The report containing other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Contd...4



Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management of the Company 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 the management of the Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Contd...5



-5-

- 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

Contd...6



2. 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 purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;
- e) The matters described in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- f) On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B';
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.;

- i) 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 has disclosed the impact of pending litigations on its financial position to the extent quantifiable in its standalone financial statements – Refer Note No. 32 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note No. 35 to the standalone financial statements;

Contd...7



-7-

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

for CHATURVEDI & SHAH LLP

Chartered Accountants

Firm Registration Number : 101720W / W100355

LALIT

RAMKRISHNA

MHALSEKAR

Digitally signed by LALIT
RAMKRISHNA MHALSEKAR
Date: 2021.06.07 22:47:44
+05'30'

Lalit R Mhalsekar

Partner

Membership Number: 103418

UDIN: 21103418AAAAEC1854

Place: Mumbai

Date: June 07, 2021



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

In terms of the Annexure referred to in our report to the members of **GMR POCHANPALLI EXPRESSWAYS LIMITED** ('the Company') on the standalone financial statements for the year ended March 31, 2021, we report that:

- i)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment (PPE).
 - b) The Company has a program of verification to cover all the items of property plant and equipment (PPE) once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, PPE were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company does not own any freehold or leasehold immovable properties.
- ii) According to the information and explanation given to us, the inventory has been physically verified by the management at regular intervals and in our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) As per the information and explanation given to us, the Company during earlier years has granted unsecured loans to its holding company listed in the register maintained under Section 189 of the Act
 - a) In our opinion, the terms and conditions on which the loans had been granted were not, prima facie, prejudicial to the interest of the Company.
 - b) The schedule of repayment of principal and payment of interest has been stipulated. The borrowers have been regular in repayment of the principal as stipulated except in case of interest accrued.
 - c) There are no overdue amounts remaining outstanding at the year end in terms of renewal agreements.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 of the Act in respect of grant of loans, providing guarantees and securities, as applicable. The Company has complied with the provisions of section 186 of the Act with regard to investment made during the year. Further, the Company is an infrastructure Company and accordingly section 186 of the Act is not applicable in respect of grant of loans, providing guarantees and securities.
- v) In our opinion and according to the information and explanations given to us, 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 provision of paragraph 3(v) of the Order is not applicable to the Company. There are no orders from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

Contd... 2



-2-

vi) We have broadly reviewed the books of account maintained by the company, pursuant to the Rules made by the Central Government of India, the maintenance of cost records as prescribed under sub-section (1) of section 148 of the Act and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year the Company has generally been regular in depositing the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including employee's state insurance, provident fund, income-tax, goods and service tax, cess and other material statutory dues as applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of provident fund, employees' state insurance, goods and service tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable. Refer Note no. 36 of the standalone financial statements for computation and payment of Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961.

b) According to the information and explanation given to us and records of the Company, there are no dues of income tax, goods and service tax or cess or other material statutory dues which have not been deposited on account of any dispute.

viii) According to the information and explanations given to us and records of the Company, the Company has delayed the repayment of debentures to a financial institution. The details of delay in repayment is tabulated below:

Name of Financial Institution	Principal Amount of debentures Due (Rs. in Lakhs)	Due Date	Last Payment Date	Maximum Delay (in Days)
LIC of India & LIC P&G Fund	2159.00	15.Apr.2020	24.Sep.2020	162
-do-	1,000.00	15.Oct.2020	07.Jan.2021	84
-do-	1,309.40	15.Oct.2020	08.Jan.2021	85

Refer note no.14(a)(iv) of the standalone financial statements for delay in payments.

Further, the Company has not taken any loan from banks and financial institutions during the year.

ix) In our opinion and according to the information and explanations given to us and based on our verification of records of the Company, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under paragraph 3(ix) of the Order is not applicable to the Company.

Contd... 3



-3-

- x) To the best of our knowledge and according to the information and explanations given to us and examination of books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the adequate approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company, during the year has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for CHATURVEDI & SHAH LLP

Chartered Accountants

Firm Registration Number : 101720W / W100355

**LALIT RAMKRISHNA
MHALSEKAR**

Digitally signed by LALIT
RAMKRISHNA MHALSEKAR
Date: 2021.06.07 22:48:57 +05'30'

Lalit R Mhalsekar

Partner

Membership Number: 103418

UDIN: 21103418AAAAEC1854

Place: Mumbai

Date: June 07, 2021



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **GMR POCHANPALLI EXPRESSWAYS LIMITED** ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Contd... 2



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for CHATURVEDI & SHAH LLP

Chartered Accountants

Firm Registration Number : 101720W / W100355

**LALIT RAMKRISHNA
MHALSEKAR**

Digitally signed by LALIT
RAMKRISHNA MHALSEKAR
Date: 2021.06.07 22:49:45 +05'30'

Lalit R Mhalsekar

Partner

Membership Number: 103418

UDIN: 21103418AAAAEC1854

Place: Mumbai

Date: June 07, 2021



GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

BALANCE SHEET AS AT MARCH 31, 2021

			Rupees in Lakhs
Particulars	Note	March 31, 2021	March 31, 2020
ASSETS			
Non-current Assets			
Property, plant and equipment	2	43.10	53.10
Right of use Assets	3	696.44	-
Financial Assets			
Investments	4	-	-
Loans	5	0.31	0.31
Other financial assets	6	13,702.83	17,499.54
Other non-current assets	7	1,536.20	0.47
Income tax assets (net)	8	139.10	299.84
Total Non-Current Assets		16,117.98	17,853.26
Current Assets			
Inventories	9	22.10	20.28
Financial Assets			
Investments	4	3,341.10	1,620.92
Cash and cash equivalents	10	5,545.73	327.38
Bank balances other than above	11	734.98	1,374.46
Loans	5	26,274.85	29,315.20
Other financial assets	6	11,343.62	11,410.02
Other current assets	7	9,391.84	11,771.10
Total Current Assets		56,654.22	55,839.36
TOTAL ASSETS		72,772.20	73,692.62
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	13,800.00	13,800.00
Other equity	13	10,023.78	9,223.16
Total Equity		23,823.78	23,023.16
LIABILITIES			
Non-current Liabilities			
Financial Liabilities			
Long term borrowings	14	26,210.75	30,735.32
Lease Liabilities	15	419.12	-
Provisions	16	1,595.84	59.08
Other non-current liabilities	19	139.65	-
Deferred tax liabilities (net)	20	-	-
Total Non-current Liabilities		28,365.36	30,794.40
Current Liabilities			
Financial Liabilities			
Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	17	22.89	20.42
b) Total outstanding dues of creditors other than (a) above	17	2,423.71	1,303.82
Lease Liabilities	15	726.70	-
Other financial liabilities	18	5,999.36	6,141.09
Other current liabilities	19	2,038.90	1,051.89
Provisions	16	8,825.34	10,964.67
Current tax liabilities (net)	20	546.16	393.17
Total Current Liabilities		20,583.06	19,875.06
TOTAL EQUITY AND LIABILITIES		72,772.20	73,692.62

Significant accounting policies

1

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration Number : 101720W / W100355

LALIT RAMKRISHNA MHALSEKAR
 Digitally signed by LALIT RAMKRISHNA
 MHALSEKAR
 Date: 2021.06.07 22:52:52 +05'30'

Lalit R Mhalsekar

Partner

Membership No.: 103418

For and on behalf of the Board of Directors of
GMR Pochanpalli Expressways Limited

ARUN KUMAR SHARMA
 Digitally signed by
 ARUN KUMAR SHARMA
 Date: 2021.06.07
 21:47:09 +05'30'

Arun Kumar Sharma

Director

DIN: 02281905

AMIT KUMAR
 Digitally signed by AMIT
 KUMAR
 Date: 2021.06.07
 22:30:00 +05'30'

Amit Kumar

Chief Financial Officer

Membership no. 500164

Date : June 07, 2021

Place : New Delhi

MOHAN RAO MURTHY
 Digitally signed by
 MOHAN RAO MURTHY
 Date: 2021.06.07
 21:44:59 +05'30'

Mohan Rao Murthy

Director

DIN: 02506274

PARAMJEET SINGH
 Digitally signed by
 PARAMJEET SINGH
 Date: 2021.06.07
 22:04:52 +05'30'

Paramjeet Singh

Company Secretary

Membership no. A18789

Date : June 07, 2021

Place : Mumbai

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Note	Rupees in Lakhs	
		March 31, 2021	March 31, 2020
INCOME			
Revenue from operations	21	7,866.67	5,776.85
Other income	22	3,173.39	3,162.95
Total Income		11,040.06	8,939.80
EXPENSES			
Operating expenses	23	2,797.74	737.30
Employee benefits expense	24	670.71	470.05
Finance costs	25	4,857.05	5,847.02
Depreciation and amortization expense	26	358.55	10.46
Other expenses	27	1,260.45	771.82
Total Expenses		9,944.50	7,836.65
Profit before tax		1,095.56	1,103.15
Tax Expense:			
Current Tax [Refer note no.36]	20	296.64	297.17
Deferred tax	20	-	-
Income tax for earlier years	20	-	(375.30)
		296.64	(78.13)
Profit for the year		798.92	1,181.28
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains (losses) on defined benefit plans		1.70	(2.16)
Income tax effect	20	-	-
Other comprehensive income/(expenses) for the year, net of tax		1.70	(2.16)
Total comprehensive income for the year		800.62	1,179.12
Earnings per equity share: (face value of equity shares of Rs.10 each)			
Basic	28	0.58	0.86
Diluted	28	0.58	0.86
Significant accounting policies	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration Number : 101720W / W100355

LALIT RAMKRISHNA Digitally signed by LALIT
RAMKRISHNA MHALSEKAR
Date: 2021.06.07 22:55:21 +05'30'

MHALSEKAR**Lalit R Mhalsekar**

Partner

Membership No.: 103418

Date : June 07, 2021

Place : Mumbai

For and on behalf of the Board of Directors of
GMR Pochanpalli Expressways Limited

ARUN KUMAR SHARMA Digitally signed by
ARUN KUMAR SHARMA
Date: 2021.06.07
21:57:08 +05'30'

Arun Kumar Sharma

Director

DIN: 02281905

AMIT KUMAR Digitally signed by
AMIT KUMAR
Date: 2021.06.07
22:30:19 +05'30'

Amit Kumar

Chief Financial Officer

Membership no. 500164

Date : June 07, 2021

Place : New Delhi

MOHAN RAO MURTHY Digitally signed by
MOHAN RAO MURTHY
Date: 2021.06.07
21:57:35 +05'30'

Mohan Rao Murthy

Director

DIN: 02506274

PARAMJEET SINGH Digitally signed by
PARAMJEET SINGH
Date: 2021.06.07 22:05:10
+05'30'

Paramjeet Singh

Company Secretary

Membership no. A18789

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**A. Equity Share Capital**

Particulars	Note	Rupees in Lakhs	
		March 31, 2021	March 31, 2020
Balance at the beginning of the year	12	13,800.00	13,800.00
Changes in equity share capital during the year	12	-	-
Balance at the end of the year	12	13,800.00	13,800.00

B. Other Equity

Particulars	Equity component of financial instruments - preference shares	Reserves and surplus		Rupees in Lakhs
		Debenture redemption reserve	Retained earnings	Total [Refer Note No.13]
Changes in equity for the year ended March 31, 2020				
Balance as at April 1, 2019	3,620.95	9,259.44	(4,836.35)	8,044.04
Profit for the year			1,181.28	1,181.28
Other comprehensive income				
Re-measurement gains/(loss) on defined benefit plans			(2.16)	(2.16)
Balance as at March 31, 2020	3,620.95	9,259.44	(3,657.23)	9,223.16
Changes in equity for the year ended March 31, 2021				
Balance as at April 1, 2020	3,620.95	9,259.44	(3,657.23)	9,223.16
Profit for the year			798.92	798.92
Other comprehensive income				
Re-measurement gains/(loss) on defined benefit plans			1.70	1.70
Balance as at March 31, 2021	3,620.95	9,259.44	(2,856.61)	10,023.78

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration Number : 101720W / W100355

LALIT RAMKRISHNA
MHALSEKARDigitally signed by LALIT
RAMKRISHNA MHALSEKAR
Date: 2021.06.07 22:54:05 +05'30'**Lalit R Mhalsekar**

Partner

Membership No.: 103418

For and on behalf of the Board of Directors of
GMR Pochanpalli Expressways LimitedARUN KUMAR SHARMA
Digitally signed by
ARUN KUMAR SHARMA
Date: 2021.06.07
21:58:41 +05'30'**Arun Kumar Sharma**

Director

DIN: 02281905

AMIT KUMAR
Digitally signed by
AMIT KUMAR
Date: 2021.06.07
22:36:57 +05'30'**Amit Kumar**

Chief Financial Officer

Membership no. 500164

Date : June 07, 2021

Place : New Delhi

MOHAN RAO MURTHY
Digitally signed by
MOHAN RAO MURTHY
Date: 2021.06.07
21:59:13 +05'30'**Mohan Rao Murthy**

Director

DIN: 02506274

PARAMJEET SINGH
Digitally signed by
PARAMJEET SINGH
Date: 2021.06.07 22:05:28
+05'30'**Paramjeet Singh**

Company Secretary

Membership no. A18789

Date : June 07, 2021

Place : Mumbai

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
A CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	1,095.56	1,103.15
Adjustments For :		
Depreciation and amortisation	358.55	10.46
Interest and finance charges	4,857.05	5,847.02
Major maintenance expenses	1,396.55	1,182.74
Profit on sale of Investment	(19.79)	(25.66)
Fixed assets written off	-	-
Reameasurements of defined benefit plans	1.70	(2.16)
Interest income on bank deposit and others	(3,136.80)	(3,120.83)
Fair value gain/(loss) on financial instruments at fair value through profit or loss	423.36	4.09
Excess provision written back	-	(7.63)
	4,976.18	4,991.18
Adjustments for Movement in Working Capital:		
Decrease / (increase) in financial assets	(208.02)	270.38
Decrease / (increase) in other current/non-current assets	(22.06)	451.22
Decrease / (increase) in Inventories	(1.82)	(11.49)
Increase / (decrease) in trade payables	1,122.36	439.14
Increase / (decrease) in other current/non-current liabilities	171.23	10.13
Increase / (decrease) in Provision	(2,100.29)	45.55
Cash From/(used In) Operating activities	3,937.58	6,196.11
Tax (paid)/refund	17.09	(425.57)
Net Cash From/(used In) Operating activities	3,954.67	5,770.54
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(0.34)	(1.30)
Decrease/(increase) in current Investments in mutual funds	1,605.82	2,416.66
Investments in compulsorily convertible debentures with related party	(3,729.57)	-
Advance received against sale of current investments	1,034.12	-
Interest Income on bank deposit and others	3,282.02	695.97
Decrease/(increase) in Loan to Related Parties	2,752.53	(3,351.00)
Decrease/(increase) in Other Bank Balance	639.48	(728.12)
Annuity received (net of payment) under service concession agreement	3,756.24	2,445.92
Cash From/(used In) Investing Activities	9,340.30	1,478.13
C CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of debentures	(4,725.00)	(4,059.00)
Payment of Lease Liability	(0.03)	-
Interest and finance charges paid	(3,351.59)	(3,493.12)
Cash From/(used In) Financing Activities	(8,076.62)	(7,552.12)
D Net Increase / decrease in Cash and Cash Equivalents [A+B+C]	5,218.35	(303.45)
Cash and Cash Equivalents as at beginning of the year	327.38	630.83
Cash and Cash Equivalents as at end of the year	5,545.73	327.38

Contd..

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Components of Cash and Cash Equivalents:		
Cash in hand	0.09	0.53
Balances with banks		
- Current account	5,478.56	276.85
- Fixed deposits	67.08	50.00
Total	5,545.73	327.38

Notes :

1 The above statement of cash flows has been prepared under the 'Indirect Method' as set out in the Ind AS-7 on Statement of Cash Flows as referred to in Section 133 of the Companies Act, 2013.

2 Changes in liabilities arising from financing activities

Particulars	Opening balance	Non-cash / accruals / fair value changes	Cash flows - repayments	Rupees in Lakhs	
				Closing balance	
For the year ended March 31, 2021					
Liability portion of preference shares	2,290.10	244.64	-	2,534.74	
Long-term external borrowings	33,152.47	17.75	(4,725.00)	28,445.22	
Interest accrued on long-term external borrowings	1,433.84	3,052.03	(3,255.72)	1,230.15	
Lease liability	-	1,145.85	(0.03)	1,145.82	
For the year ended March 31, 2020					
Liability portion of preference shares	2,068.49	221.61	-	2,290.10	
Long-term external borrowings	37,191.03	20.44	(4,059.00)	33,152.47	
Interest accrued on long-term external borrowings	1,609.39	3,228.53	(3,404.08)	1,433.84	
Lease liability	-	-	-	-	

3 The previous year figures have been regrouped and rearranged wherever necessary.

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration Number : 101720W / W100355

LALIT RAMKRISHNA

Digitally signed by LALIT
RAMKRISHNA MHALSEKAR
Date: 2021.06.07 22:56:22 +05'30'

MHALSEKAR

Lalit R Mhalsekar

Partner

Membership No.: 103418

For and on behalf of the Board of Directors of
GMR Pochanpalli Expressways Limited

ARUN KUMAR SHARMA
Digitally signed by
ARUN KUMAR SHARMA
Date: 2021.06.07
22:00:08 +05'30'

Arun Kumar Sharma

Director

DIN: 02281905

AMIT KUMAR
Digitally signed by
AMIT KUMAR
Date: 2021.06.07
22:33:29 +05'30'

Amit Kumar

Chief Financial Officer

Membership no. 500164

Date : June 07, 2021

Place : New Delhi

MOHAN RAO MURTHY
Digitally signed by
MOHAN RAO MURTHY
Date: 2021.06.07
22:00:55 +05'30'

Mohan Rao Murthy

Director

DIN: 02506274

PARAMJEET SINGH
Digitally signed by
PARAMJEET SINGH
Date: 2021.06.07 22:05:44
+05'30'

Paramjeet Singh

Company Secretary

Membership no. A18789

Date : June 07, 2021

Place : Mumbai

1 Company Overview and Significant Accounting Policies:**1.1 Company Overview**

GMR Pochanpalli Expressways Limited (the Company) is engaged in development of highways on build, operate and transfer model on annuity basis. This entity is a Special Purpose Vehicle which has entered into a Concession Agreement with National Highways Authority of India for carrying out the project of Design, Construction, Development, Improvement, Operation and Maintenance for rehabilitation and strengthening of existing 2-lane portion from km 367.000 (Adloor Yellareddy) to km 447.000 (Kalkallu), covering 80.745 kms, and Improvement, operation and maintenance of kms 447.000 (Kalkallu) 464.000 (Gundla Pochanpalli) covering 17.00 kms on NH-7 in the state of Andhra Pradesh, to 4 lanes under a concession on build, operate and transfer (BOT) through with private sector participation thereof.

The Company is public limited company incorporated and domiciled in India and has its registered office at 25/1, Skip House, Museum Road, Bangalore, Karnataka - 560025. The Company has principal place of business at Toopran, Andhra Pradesh .

The Company's Holding Company is GMR Highways Limited while ultimate Holding Company is GMR Infrastructure Limited/GMR Enterprises Private Limited.

The Financial Statements of the Company for the year ended March 31, 2021 were authorised for issue in accordance with a resolution of the Board of Directors on June 07, 2021.

1.2 Significant accounting policies

The significant accounting policies applied by the company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

Basis of preparation

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

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

The standalone IndAS financial statements are presented in 'IndianRupees' (INR) which is also the Company's functional currency and all values are disclosed to the nearest Rupees in Lakhs with two decimals (INR 00,000.00), except when otherwise indicated.

Summary of significant accounting policies**a) Use of estimates**

The preparation of these financial statements in conformity with the recognition and measurement principles of IND AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period and revenues and expenses during the reporting period. Although these estimates are based on 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 periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

b) Current versus non-current classification

Assets and Liabilities in the balance sheet have been classified as either current or non-current based upon the requirements of Schedule III notified under the Companies Act, 2013.

An asset has been classified as current if

- (a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- (b) it is held primarily for the purpose of being traded; or
- (c) it is expected to be realized within twelve months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when

- (a) it is expected to be settled in the Company's normal operating cycle; or
- (b) it is held primarily for the purpose of being traded; or
- (c) it is due to be settled within twelve months after the reporting date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

1 Company Overview and Significant Accounting Policies:**c) Fair value measurement**

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

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

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

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

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

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

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

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

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

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 — Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

d) Revenue Recognition**Revenue from operations:**

Finance income for concession arrangements under financial asset model is recognized using the effective interest method. Revenues from operations and maintenance services and overlay services are recognized concession arrangements in each period as and when services are rendered.

Effective from April 01, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to the contracts that were not completed as of April 01, 2018. In accordance with the cumulative catch up transition method, the comparatives have not been retrospectively adjusted and continues to be reported as per Ind AS 18 "Revenue".

Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. Revenue is recognized upon transfer of control of promised products or services to customers. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

The revenue is recognised when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the products or services is transferred to a customer.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are initially recognised as revenue earned on account of service concession arrangements where revenue is recognised over the period of time as receipt of consideration is conditional on successful completion of performance obligations such as periodic maintenance services under the service concession arrangements. Once the performance obligation is fulfilled, the contract assets are classified as receivable under service concession arrangements.

1 Company Overview and Significant Accounting Policies:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Amount received from customer as per the half yearly annuity stipulated under the service concession arrangements to recognise revenue once the periodic maintenance services is completed and performance obligations are achieved.

Finance income and other income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included in other income in the statement of profit and loss.

On disposal of current investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss. Such income is included under the head "other income" in the statement of profit and loss.

Dividend income is accounted for in the year in which the right to receive the same is established by the reporting date.

e) Property, Plant & Equipment

Property, Plant & Equipment are stated at acquisition cost less accumulated depreciation and cumulative impairment. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Recognition:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced at intervals, Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Further, When each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised.

Machinery spares which are specific to a particular item of PPE and whose use is expected to be irregular are capitalized as fixed assets.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

Depreciation on PPE is provided on straight line method, up to the cost of the asset (net of residual value), in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013 which are as below:

Plant and equipment	4-15 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	8-10 years
Computers	3 years

Depreciation on additions is being provided on a pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the year is being provided up to the dates on which such assets are sold/disposed off. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

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

1 Company Overview and Significant Accounting Policies:**f) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Other Intangible assets are fully depreciated and carrying value is Rs. Nil.

g) Financial Assets - Receivable towards the concession arrangement from the grantor

When the arrangement has a contractual right to receive cash or other financial asset from the grantor specifically towards the concession arrangement (in the form of grants) during the construction period or otherwise, such a right, to the extent eligible, is recorded as financial asset in accordance with Ind AS 109 "Financial Instruments," at amortized cost.

h) Taxes

Tax expense comprises current and deferred tax.

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

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

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any carry forward of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

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

1 Company Overview and Significant Accounting Policies:**i) Borrowing costs**

Borrowing Cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

j) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value on First In First Out basis.

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 sale.

k) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

The Company is the lessee**Right-of-use assets**

Till year ended March 31, 2019, assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to statement of profit and loss on straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

For any new contracts entered into on or after April 1, 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

The Company enters into leasing arrangements for office premises. The assessment of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to extend/purchase etc.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset. The Company has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in statement of profit and loss on a straight-line basis over the lease term.

The Company is the lessor

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

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

There is no transitional effect on adoption of Ind AS 116 as at April 1, 2019.

1 Company Overview and Significant Accounting Policies:**l) Impairment**

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

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

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

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

m) Provisions, contingent liabilities, contingent assets and capital commitments**Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

Provisions

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

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

n) Retirement and other Employee Benefits

Short term employee benefits and defined contribution plans.

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

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund.

1 Company Overview and Significant Accounting Policies:

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

Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. 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.

Defined benefit plans**Gratuity**

Gratuity is a defined benefit scheme. The cost of providing benefits under the scheme is determined on the basis of actuarial valuation under projected unit credit (PUC) method.

The company recognizes termination benefit as a liability and an expense when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Remeasurements

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- > The date of the plan amendment or curtailment, and
- > The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

o) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets**Initial recognition and measurement**

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

Subsequent measurement

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

Debt instruments at amortised cost

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

1 Company Overview and Significant Accounting Policies:**Derecognition**

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

- > The rights to receive cash flows from the asset have expired, or
- > The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

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

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

The company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables that do not contain a significant financing component.

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

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

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

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

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

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

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

1 Company Overview and Significant Accounting Policies:**ii) Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings etc.

Subsequent measurement**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings and security deposits received.

Derecognition

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

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 off set the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

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

Embedded Derivative financial instruments

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and the short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Bank Overdrafts are shown with in borrowings under Current Liabilities in the Balance Sheet.

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

q) Foreign currencies

The financial statements are presented in INR, which is also the company's functional currency.

In preparing the financial statements, transactions in the currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

1 Company Overview and Significant Accounting Policies:**r) Earnings per share**

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

s) Corporate Social Responsibility Expenditure

The Company charges its Corporate Social Responsibility Expenditure during the year, to the Statement of Profit and Loss.

t) Non-current assets held for sale/ disposal

The Company classifies non-current assets as held for sale/ disposal if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- a) The appropriate level of management is committed to a plan to sell the asset,
- b) An active programme to locate a buyer and complete the plan has been initiated,
- c) The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the standalone balance sheet.

1.3 Key accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimate and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and the estimates relating to the carrying values of assets and liabilities, provision for employee benefits and others provisions, commitments and contingencies and fair value measurements of investments.

i) Critical Accounting Estimates and Assumptions :

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

a) Income tax

Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies considering the tax holiday period available to infrastructure undertaking. Refer note no.20.04

1 Company Overview and Significant Accounting Policies:**b) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note no.29 for further disclosures.

c) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. [Refer note no.31]

d) Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

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

ii) Significant judgements :**a) Provision for periodic maintenance (overlay activities)**

As per the terms of concession agreement, the Company is required to carry out periodic major maintenance of project roads once in every five years which requires technical evaluation and critical assumptions, accounting estimates and judgements. The management has estimated the cost to be incurred on such periodic maintenance to recognise the provision as per the requirements of IND AS 37. Further details are given in note no.16

b) Expected Credit Loss on Loans:

With respect to loans and deposits given to Group Companies, the Company has not considered any increase in credit risk, considering the assurances through support letters given by the Holding Company to pay the amount inspite of cases of delay in payments by the Group Companies. The expected credit losses have not been provided other than those provided for based on its modification losses. The Company has also assessed the credibility of the Group Companies and that of the Holding Company and is of the view that it does not expect any financial loss in respect of the said loans and deposits. Refer note no.5.

1.4 Introduction of new standards and amendments to existing standards

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

(This Space has been intentionally left blank)

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**2 Property, plant and equipment**

Particulars	Rupees in Lakhs						Total
	Plant and machinery	Electrical Fittings	Computers	Office Equipments	Vehicles	Furniture and Fixtures	
Gross block							
As at April 1, 2019	55.36	2.41	1.26	5.78	35.75	1.00	101.56
Additions	-	-	-	1.30	-	-	1.30
Disposals / Adjustments	-	-	-	-	-	-	-
As at March 31, 2020	55.36	2.41	1.26	7.08	35.75	1.00	102.86
Additions	-	-	-	0.34	-	-	0.34
Disposals / Adjustments	(0.14)	(2.41)	-	(0.76)	(0.11)	(0.37)	(3.79)
As at March 31, 2021	55.22	-	1.26	6.66	35.64	0.63	99.41
Depreciation							
As at April 1, 2019	22.54	2.40	0.01	2.40	10.98	0.97	39.30
Charge for the year	5.64	0.01	0.41	0.98	3.42	-	10.46
Disposals / Adjustments	-	-	-	-	-	-	-
As at March 31, 2020	28.18	2.41	0.42	3.38	14.40	0.97	49.76
Charge for the year	5.64	-	0.42	1.19	3.07	0.01	10.33
Disposals / Adjustments	(0.08)	(2.41)	-	(0.81)	(0.11)	(0.37)	(3.78)
As at March 31, 2021	33.74	-	0.84	3.76	17.36	0.61	56.31
Net block							
As at March 31, 2020	27.18	-	0.84	3.70	21.35	0.03	53.10
As at March 31, 2021	21.48	-	0.42	2.90	18.28	0.02	43.10

Notes:

- 1 Deemed Cost: The Company during the Financial Year 2016-17, had first time adopted Indian Accounting Standards ('Ind AS') under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company had elected to use its previous GAAP carrying value as at April 01, 2015 being the opening balance sheet date for the purpose of first time adoption of Indian Accounting Standards as per Para D7AA of Ind AS 101, 'First-time Adoption of Indian Accounting Standards'. Accordingly the value of gross block disclosed above includes carrying value of assets at the transition date (i.e., April 01, 2015) which is considered as deemed cost.
- 2 Assets are owned and are used for own use, unless otherwise mentioned.
- 3 For charges created on property, plant and equipments refer note no.14

(This Space has been intentionally left blank)

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**3 Right of use Assets**

Particulars	Rupees in Lakhs	
	Leashold Buildings	Total
Gross block		
As at April 1, 2019	-	-
Additions	-	-
Disposals / Adjustments	-	-
As at March 31, 2020	-	-
Additions	1,044.66	1,044.66
Disposals / Adjustments	-	-
As at March 31, 2021	1,044.66	1,044.66
Depreciation		
As at April 1, 2019	-	-
Charge for the year	-	-
Disposals / Adjustments	-	-
As at March 31, 2020	-	-
Charge for the year	348.22	348.22
Disposals / Adjustments	-	-
As at March 31, 2021	348.22	348.22
Net block		
As at March 31, 2020	-	-
As at March 31, 2021	696.44	696.44

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

For details of lease liability, refer note no.15 below.

(This Space has been intentionally left blank)

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**4 Investments**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Non Current Investments		
Non Trade Investments	-	-
Total non-current Investments	-	-
Current Investments		
Other than trade investments, Unquoted		
At fair value through profit and loss		
Investment in compulsory convertible debentures (CCD's) with related party		
Kakinada SEZ Ltd [Refer note nos. (a) and (b) below]	3,307.12	-
3,72,95,676 Nos (March 31, 2020 : Nil) 12% Compulsorily Convertible Debentures with a face value of Rs.10 each		
Investments in Mutual Funds		
ICICI Prudential Liquid Fund - Direct Plan - Growth	-	1,620.92
Nil units, NAV of Rs.Nil (March 31, 2020 : 5,51,743.304 units, NAV of Rs.293.7816)		
Baroda Banking and PSU Bond Fund - Regular Plan Growth	33.98	-
3,39,618.291 units, NAV of Rs.10.0047 (March 31, 2020 : Nil units, NAV of Rs. Nil)		
Total current Investments	3,341.10	1,620.92
Total	3,341.10	1,620.92
Aggregate amount of unquoted non-current investments	-	-
Aggregate amount of unquoted current investments	3,307.12	-
Aggregate net asset value of unquoted current investments	33.98	1,620.92

Notes:

- a) GMR Infrastructure Ltd ('GIL'/'holding company') is divesting its entire 51% equity stake along with its subsidiaries held in Kakinada SEZ Ltd (KSEZ) to Aurobindo Realty & Infrastructure Pvt Ltd (ARIPL). In terms of the divestment plan, GIL along with KSEZ, GMR SEZ & Port Holdings Limited and Kakinada Gateway Port Limited has entered into Securities Sale and Purchase Agreement (SSPA) with ARIPL, on September 24, 2020, as amended on March 31, 2021. The Company along with GIL, KSEZ and other group companies has entered into a Memorandum of Understanding (MOU) on March 31, 2021 with ARIPL. In terms of this MOU and debenture subscription agreement entered with Kakinada SEZ Limited on March 31, 2021, the Company has converted a portion of existing loan amounting to Rs.3,729.57 Lakhs into 3,72,95,676, 12% Compulsorily Convertible Debentures (CCD's) of Rs.10 each for a period of 29 years. With regard to balance loan amount of Rs.3,849.45 Lakhs (before modification loss of Rs.333.97 Lakhs), ARIPL will fund into KSEZ and the outstanding loan from GPCL to KSEZ will be repaid subject to certain approvals.

- b) The Company has further entered into Debenture Purchase Agreement (DPA) on March 31, 2021 with ARIPL and KSEZ. In terms of DPA, the company has agreed to sell 3,72,95,676 CCD's on closing date for a total consideration of Rs.4,181.97 Lakhs (including contingent consideration payable by ARIPL of Rs.3,147.85 Lakhs on achievement of milestones) subject to terms and conditions set out in DPA. Total consideration including additional payment of Rs.3,147.85 Lakhs payable over next 2 to 3 years as per Annexure I of DPA is based on achievement of certain agreed milestones primarily related to the sale of 2,500 acres of the land parcels at specified prices during the financial years ended March 31, 2022 and March 31, 2023. These milestones are market dependent and are not under management control. The investment on CCD's have been fair valued by the Company at Rs.3,307.12 Lakhs (Including upfront consideration of Rs.1,034.12 Lakhs) from an expert valuer who has considered various assumptions and scenarios on achievement of milestones with probable outcomes which is significantly dependent on future development in KSEZ and Governments approvals.

Accordingly, the Company has accounted for the fair value loss in excess of carrying value of the Investment in CCD's in KSEZ over the fair value amounting to Rs.422.45 Lakhs

The Company expects in next 2-3 years there will be significant development in the Kakinada SEZ which includes the development of Bulk Drug Park, Commercial Sea port, establishment of various port based industries, manufacturing industries, development of new International Airport in Bhogapuram. Based on assessment of the achievement of the aforementioned milestones by an independent property consultancy agency, management of the company is confident of achieving the aforementioned milestones and is of the view that the carrying value of Investment in CCD's and Loans to KSEZ as at March 31, 2021 is appropriate. The above sale transaction is subject to receipt of Regulatory and other Statutory Approvals.

As per the amended terms of CCD's, the CCDs shall have an interest moratorium until May 31, 2021 and interest shall be chargeable only from June 01, 2021.

Further, the aforesaid investment is classified as current investments as the Company is confident that the settlement of the sale of CCD's will be completed within one year from the balance sheet date as a part of the KSEZ divestment plan with ARIPL.

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**5 Loans**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Non-current:		
<i>Carried at amortised cost</i>		
Loan Receivables – considered good - secured	-	-
Loan Receivables – considered good - unsecured		
Security deposits		
with related parties [Refer note no.41]	-	-
with others	0.31	0.31
Loan Receivables which have significant increase in credit risk [Refer note no. (b) below]	-	-
Loan Receivables – credit impaired [Refer note no. (b) below]	-	-
Total	0.31	0.31
Current:		
<i>Carried at amortised cost</i>		
Loan Receivables – considered good - secured	-	-
Loan Receivables – considered good - unsecured		
Loans and advances to :		
Related parties [Refer note no.41 and note (a) below]	26,228.57	29,315.07
Employees *	46.12	-
Security deposits		
with others	0.16	0.13
Loan Receivables which have significant increase in credit risk [Refer note no. (b) below]	-	-
Loan Receivables – credit impaired [Refer note no. (b) below]	-	-
Total	26,274.85	29,315.20
Total	26,275.16	29,315.51

* - includes advance to key managerial personnel Rs.36.52 Lakhs [March 31, 2020 Rs. Nil] [Refer note no.41]

Notes:**a) Details of loan given to related parties:**

- (i) An unsecured loan of Rs.10,820.46 Lakhs (March 31, 2020 : Rs.10,969.00 Lakhs) given to GMR Highways Ltd. shall be repayable within 1 year from date of renewed agreement.
- (ii) An unsecured loan of Rs.8,301.12 Lakhs (March 31, 2020 : Rs.7,267.00 Lakhs) given to GMR Infrastructure Ltd and shall be repayable within 1 year from date of renewed agreement.
- (iii) An unsecured loan of Rs.177.00 Lakhs (March 31, 2020 : Rs.177.00 Lakhs) which given to Dhruvi Securities Pvt Ltd and shall be repayable within 1 year in terms of renewed agreement.
- (iv) An unsecured loan of Rs.861.00 Lakhs (March 31, 2020 : Rs.861.00 Lakhs) given to GMR Tambaram Tindivanam Expressways Limited and shall be repayable within 1 year from date of renewed agreement.
- (v) An unsecured loan of Rs.319.92 Lakhs (March 31, 2020 : Rs.574.00 Lakhs) given to GMR Tuni Anakapalli Expressways Limited and shall be repayable within 1 year from date of renewed agreement.
- (vi) Holding Company, GMR Infrastructure Ltd (GIL) is divesting its entire 51% equity stake held in Kakinada SEZ Ltd (KSEZ) to Aurobindo Realty & Infrastructure Pvt Ltd (ARIPL). As part of the transaction, the Company has converted portion of existing unsecured loan of Rs.3,650.55 Lakhs (out of Rs.7,500.00 Lakhs) and balance interest accrued of Rs.79.02 Lakhs into Compulsorily Convertible Debentures (CCD's) to the extent of Rs.3,729.57 Lakhs in terms of debenture subscription agreement entered with Kakinada SEZ Limited. ARIPL will fund into KSEZ and the outstanding unsecured loan of Rs.3,849.45 Lakhs (before modification loss of Rs.333.97 Lakhs) to KSEZ will be repaid. Currently, KSEZ is awaiting for certain approvals, post which ARIPL will fund into KSEZ and the loan will be paid to the Company. In terms of said agreement, loan is considered good and recoverable.

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(vii) An unsecured loan of Rs.1,967.07 Lakhs (March 31, 2020 : Rs.1,967.07 Lakhs) novated during earlier year in favour of GMR SEZ and Port Holdings Private Limited from Dhruvi Securities Pvt Ltd and shall be repayable within 1 year from date of renewed agreement.

(viii) An unsecured loan of Rs.266.53 Lakhs (March 31, 2020 : Rs. Nil) given to GMR Ambala Chandigarh Expressways Private Limited and shall be repayable within 1 year from date of renewed agreement.

The Company has undertaken an assessment of these loans considering the creditworthiness of the borrower along with the support letter of holding company GMR Infrastructure Limited (GIL) to make good the amounts on defaults if any by the Group Companies. In view of such assessment and obtaining of the support letter received from GIL, the management is of the opinion that the loans are good and no credit impairment is foreseen which requires credit losses to be recognized other than those considered in the modification losses. GIL has ensured that they will be able to provide sufficient funds to these Group Companies to make payment of the loans / deposits along with interest accrued thereon and accordingly the loans / deposits given by the Company are considered good and no further provision is considered necessary in the accompanying financial statements.

b) There are no loans receivables which are credit impaired or which have a significant increase in credit risk based on the information available with the Company.

c) The fair value of Non current and current loans are not materially different from the carrying value presented.

6 Other financial assets

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Non-current:		
<i>Carried at amortised cost</i>		
Unsecured, considered good		
Receivable under service concession arrangements	13,692.16	17,491.72
Deposit with government departments and exchanges *	10.67	7.82
Total	13,702.83	17,499.54
Current:		
<i>Carried at amortised cost</i>		
Unsecured, considered good		
Receivable under service concession arrangements	3,646.52	3,342.46
Receivable towards change of scope work and claims receivable	298.97	120.92
Interest accrued on loan to related parties (net of modification loss) [Refer note no.41]	4,876.63	5,407.13
Interest accrued on deposits with banks	10.89	9.87
Insurance claims receivable	1.51	20.54
Penalty paid under protest [Refer note no.32]	2,509.10	2,509.10
Total	11,343.62	11,410.02
Total	25,046.45	28,909.56

* - includes Recovery Expense Fund (REF) with National Stock Exchange of India Ltd Rs.2.85 Lakhs [March 31, 2020 : Rs. Nil]

(This Space has been intentionally left blank)

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**7 Other assets**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Non-current:		
Unsecured, considered good		
Deferred Contract assets under service concession arrangements [Refer note (a) below]	1,536.20	-
Balances with government departments	-	0.47
Total	1,536.20	0.47
Current:		
Unsecured, considered good		
Advances other than capital advances		
Advance to suppliers of goods/services		
to related parties [Refer note no.41]	1,433.15	1,496.78
to others	142.71	42.19
Advance to employees for expenses	0.40	0.55
Deferred Contract assets under service concession arrangements [Refer note (a) below]	7,484.72	9,886.51
Prepaid expenses	242.63	164.69
Balances with government departments	88.23	180.38
Total	9,391.84	11,771.10
Total	10,928.04	11,771.57

Notes

a) Contract assets are initially recognised as revenue earned on account of service concession arrangements where revenue is recognised over the period of time as receipt of consideration is conditional on successful completion of performance obligations such as periodic maintenance services under the service concession arrangements. Once the performance obligation is fulfilled, the deferred contract assets are classified as receivable under service concession arrangements.

8 Income tax assets (net)

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Non-current:		
Advance income tax and tax deducted at source (net) [refer note no.20.03]	139.10	299.84
Total	139.10	299.84

9 Inventories

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Stores and spares [Refer note (b) below]	22.10	20.28
Total	22.10	20.28

Notes:

- a) Inventories are valued at lower of cost or net realizable value.
b) For charges created on inventories refer note no.14.

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**10 Cash and cash equivalents**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Cash in hand	0.09	0.53
Balances with banks		
- Current account	5,478.56	276.85
- Fixed deposits	67.08	50.00
Total	5,545.73	327.38

Note:

a) For charges created on cash and bank balances refer note no.14.

11 Other bank balances

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Fixed deposit with banks	734.98	1,374.46
Total	734.98	1,374.46

Note:

a) For charges created on cash and bank balances refer note no.14.

b) Includes margin deposit of Rs.350.08 Lakhs [March 31, 2020 : Rs.330.69 Lakhs] kept against bank guarantee.

c) Includes debenture redemption investment of Rs.384.90 Lakhs [March 31, 2020 : Rs.708.75 Lakhs] deposited to the extent of 15% of debentures maturing during the year.

d) The fair value of other bank balances are not materially different from the carrying value presented.

Break-up of financial assets

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Financial assets carried at amortised cost		
Loans to group companies	26,228.57	29,315.07
Loans to employees	46.12	-
Security deposit	0.47	0.44
Receivable under service concession	17,338.68	20,834.18
Cash and cash equivalents	5,545.73	327.38
Fixed deposit with banks (including interest accrued)	745.87	1,384.33
Other financial assets	7,696.88	8,065.51
Financial assets measured at fair value		
Investments in compulsorily convertible debentures	3,307.12	-
Investments in mutual funds	33.98	1,620.92
Total	60,943.42	61,547.83

(This Space has been intentionally left blank)

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**12 Equity share capital**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Authorised		
13,81,00,000 [March 31, 2020 : 13,81,00,000 equity shares of Rs.10 each]	13,810.00	13,810.00
45,90,000 [March 31, 2020 : 45,90,000 preference shares of Rs.100 each]	4,590.00	4,590.00
	18,400.00	18,400.00
Issued, subscribed and fully paid-up		
13,80,00,000 [March 31, 2020 : 13,80,00,000 equity shares of Rs.10 each]	13,800.00	13,800.00
Total	13,800.00	13,800.00

Notes:

a) Reconciliation of Shares Outstanding at the beginning and end of the reporting year

	March 31, 2021		March 31, 2020	
	Numbers	Rupees in Lakhs	Numbers	Rupees in Lakhs
<u>Equity shares of Rs. 10 each</u>				
Balance at the beginning of the year	13,80,00,000	13,800.00	13,80,00,000	13,800.00
Shares issued during the year	-	-	-	-
Balance at the end of the year	13,80,00,000	13,800.00	13,80,00,000	13,800.00
<u>Preference shares of Rs. 100 each*</u>				
Balance at the beginning of the year	45,90,000	4,450.00	45,90,000	4,450.00
Shares issued during the year	-	-	-	-
Balance at the end of the year	45,90,000	4,450.00	45,90,000	4,450.00

*- equity component of preference shares of Rs.3,620.95 Lakhs (March 31, 2020: Rs.3,620.95 Lakhs) is classified under Other Equity (refer note no.13) and liability portion of preference shares is classified as Long term Borrowings (refer note no.14).

b) Terms to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity is entitled to one vote per share. The Company declares and pay dividend in Indian rupees. The dividend proposed by the Board of director is subject to the approval of the shareholder in ensuing Annual General meeting.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Terms to Preference Shares

8% Redeemable, Non-cumulative and Non-Convertible preference shares of Rs.100 each. Preference Shares are redeemable at premium at the option of the Board of Directors of the Company on October 15, 2026, with one day prior notice to the preference shareholders. Refer note nos.13 and 14 for equity and liabilities portion of Preference Shares.

d) Details of the shareholders holding more than 5% shares of the Company

Name of Shareholder	Numbers	% of holding
<u>Equity shares of Rs. 10 each</u>		
March 31, 2021		
GMR Highways Limited, the immediate holding Company	13,59,29,996	98.50%
March 31, 2020		
GMR Highways Limited, the immediate holding Company	13,59,29,996	98.50%
<u>Preference shares of Rs.100 each</u>		
March 31, 2021		
GMR Infrastructure Limited, the ultimate holding Company	44,50,000	100.00%
March 31, 2020		
GMR Infrastructure Limited, the ultimate holding Company	44,50,000	100.00%

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**e) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

Name of Shareholder	Numbers	Rupees in Lakhs
<u>Equity shares of Rs. 10 each</u>		
March 31, 2021		
GMR Highways Limited, the immediate holding Company	13,59,29,996	13,593.00
GMR Infrastructure Limited, the ultimate holding Company	13,80,000	138.00
GMR Energy Limited, a subsidiary of GIL and an associate company	6,90,000	69.00
March 31, 2020		
GMR Highways Limited, the immediate holding Company	13,59,29,996	13,593.00
GMR Infrastructure Limited, the ultimate holding Company	13,80,000	138.00
GMR Energy Limited, a subsidiary of GIL and an associate company	6,90,000	69.00
<u>Preference shares of Rs.100 each</u>		
March 31, 2021		
GMR Infrastructure Limited, the ultimate holding Company	44,50,000	4,450.00
March 31, 2020		
GMR Infrastructure Limited, the ultimate holding Company	44,50,000	4,450.00

f) As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

g) The Company has not issued shares for consideration other than cash, during the period of five years immediately preceding the reporting date.

13 Other equity

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Equity component of Preference shares		
Opening balance	3,620.95	3,620.95
Add: Adjustment for the year	-	-
Closing balance	3,620.95	3,620.95
Debenture Redemption Reserve		
Opening balance	9,259.44	9,259.44
Add: Transferred from the statement of profit and loss [refer note (a) below]	-	-
Closing balance	9,259.44	9,259.44
Surplus / (deficit) in the statement of Profit and Loss		
Opening balance	(3,656.63)	(4,837.91)
Add: Profit for the year	798.92	1,181.28
Less: Transferred to Debenture redemption reserve during the year [refer note (a) below]	-	-
Closing balance	(2,857.71)	(3,656.63)
Other comprehensive income		
Opening balance	(0.60)	1.56
Remeasurements gains/(loss) on defined benefit plans, net of tax effect	1.70	(2.16)
Closing balance	1.10	(0.60)
Total	10,023.78	9,223.16

Nature and purpose of reserve:**a) Debenture Redemption Reserve:**

The Company was required to create Debenture Redemption Reserve (DRR) till March 31, 2019 to the extent of 25% of outstanding non-convertible debentures out of the profits of the company available for payment of dividend for the purpose of redemption of debentures in accordance with the provisions of the Companies Act, 2013 till its amendment dated August 16, 2019. Further, pursuant to amendment made vide MCA Notification no. GSR 574 (E) dated August 16, 2019 the company is not required to maintain DRR from FY 2019-20 and onwards.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

b) Retained Earnings

Retained Earnings represents the amount that can be distributed by the Company as dividends considering the requirements of the Companies Act, 2013. No dividends are distributed by the Company during the year.

c) Equity component of Preference shares

Equity component of Preference shares represents the difference in carrying value and fair value of Preference Shares issued to its parent on initial recognition. Fair value is determined by discounting the estimating the cash flows expected over the term of the instrument using an applicable discount rate. The equity component of related party transactions are adjusted to the carrying amount on account of extinguishment of liability.

d) Other Comprehensive Income represents Re-measurement gains (losses) on defined benefit plans and its income tax effects if any.

14 Long term Borrowings

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Long-term borrowings:		
Secured, at amortized cost		
Non-convertible debenture [Refer note (a) below]	23,676.01	28,445.22
Unsecured, at amortized cost		
Liability component of compound financial instruments		
Non-cumulative non-convertible preference shares issued to the ultimate holding company [Refer Note (b) below]	2,534.74	2,290.10
Total	26,210.75	30,735.32

Notes:**a) Secured non-convertible debenture:**

During the financial year 2009-2010, the Company has issued 9.38% 6,500 Rated, taxable, listed, redeemable, non-convertible Debentures (NCDs) of the face value of Rs.10,00,000 each which are listed on The National Stock Exchange of India. Debentures are repayable in 34 half yearly unequal instalments commencing from April 15, 2010 to October 15, 2026.

i) Terms of Security

The listed, redeemable, non-convertible debentures are secured by way of first charge on all the assets of the Company both movable and immovable properties, both present and future (including future annuity receivable) but excluding project assets (unless permitted by National Highways Authority of India (NHAI) under the Concession agreement).

ii) Maturity profile of 9.38% redeemable non-convertible Debentures of face value of Rs.10,00,000/- each are given below:

No. of Debentures	Date of redemption	Rupees in Lakhs	No. of Debentures	Date of redemption	Rupees in Lakhs
227.90	15/10/2026	2,279.00	235.60	15/10/2023	2,356.00
269.10	15/04/2026	2,691.00	221.00	15/04/2023	2,210.00
218.90	15/10/2025	2,189.00	214.40	15/10/2022	2,144.00
265.00	15/04/2025	2,650.00	219.40	15/04/2022	2,194.00
257.20	15/10/2024	2,572.00	212.40	15/10/2021	2,124.00
242.40	15/04/2024	2,424.00	266.00	15/04/2021	2,660.00

iii. Installments falling due within a year in respect of all the above NCDs (net of unamortised transaction cost) aggregating to Rs.4,769.21 Lakhs (March 31, 2020 : Rs.4,707.25 Lakhs) have been grouped under "Current maturities of long-term secured debt" (Refer Note no.18)

iv. The Company had requested the debenture holders to allow moratorium for an overall period of six months for payment of NCD redemption amount and Interest falling due between March 1, 2020 to August 31, 2020 in terms of COVID-19 - Regulatory Package (Revised) vide RBI circular no. RBI/2019-20/ 186, DOR.No.BP.BC.47/21.04.048/2019-20, dated March 27, 2020. Debenture holders, however did not grant the moratorium. In view of pending disposal of company's request for moratorium, there were some delay in payments of redemption amount as per terms of debenture agreement which were made good during the year. There is no default in repayment of redemption amount as on balance sheet date.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

b) Non-cumulative non-convertible Preference shares:

The Company had issued 44,50,000 8% Redeemable, Non-cumulative and Non-Convertible preference shares of Rs.100 each. Preference Shares are redeemable at premium at the option of the Board of Directors of the Company on October 15, 2026, with one day prior notice to the preference shareholders.

As these Preference share are non-cumulative and the Company is not under obligation to pay dividend, only fair value of redemption value has been considered as financial liability using a market rate for an equivalent instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on redemption. The remainder of the proceeds is recognised and included in Equity. Refer note no.13 for equity portion of Preference Shares.

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Opening balance	4,450.00	4,450.00
Add: Issued during the year	-	-
Closing balance	4,450.00	4,450.00
Less: Equity component transferred to Other Equity	3,620.95	3,620.95
Financial liability portion of preference shares	829.05	829.05
Add: Notional Interest recognized up to date	1,705.69	1,461.05
Liability portion of non convertible preference shares	2,534.74	2,290.10

15 Lease Liabilities

Operating lease commitments - Company as a Lessee : The Company has entered into certain cancellable and non-cancellable operating lease agreements mainly for office premises. The lease rentals paid during the year and the maximum obligation on the long term non-cancellable operating lease payable are as follows:

The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020:

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Non-current lease liabilities	419.12	-
Current lease liabilities*	726.70	-
Total	1,145.82	-

* includes lease liability due but not paid as on balance sheet date of Rs.381.82 Lakhs.

The movement in lease liabilities during the year ended March 31, 2021 and March 31, 2020 is as follows:

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Opening balance	-	-
Additions	1,044.66	-
Interest on lease liability	101.19	-
Payment of lease liabilities	(0.03)	-
Closing balance	1,145.82	-

Details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis is as follows:

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Less than one year	792.30	-
One to five years	441.28	-
More than five years	-	-
Total	1,233.58	-

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Following amount has been recognised in statement of profit and loss:

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Amortisation on right to use asset	348.22	-
Interest on lease liability	101.19	-
Expenses related to short term/low value lease (included under other expenses)	3.71	4.88
Total	453.12	4.88

Note : For right of use assets refer note no.3 above.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

16 Provisions

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Non-current:		
Provision for gratuity [Refer note no.40(b)]	38.10	7.11
Provision for leave encashment	60.02	51.97
Provision for periodic maintenance	1,497.72	-
Total	1,595.84	59.08
Current:		
Provision for variable performance pay	32.75	57.99
Provision for superannuation	2.29	0.95
Provision for leave encashment	73.74	5.73
Provision for periodic maintenance	8,716.56	10,900.00
Total	8,825.34	10,964.67
Total	10,421.18	11,023.75

Note:**a) Provision for periodic maintenance (overlay activities)**

The Company has contractual obligation to maintain, replace or restore infrastructure, except for any enhancement element. Cost of such obligation is measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and recognized/spread over the periods unto the beginning of the year which the overlay is estimated to be carried out. The provisions accordingly for the second periodic maintenance has been straight-lined unto the financial year ending March 31, 2020. First periodic maintenance (overlay) activities have been completed during the FY 2013-14 and next overlay activities is expected to be carried out in the FY 2021-22 in terms of Arbitral Award, subject to pending litigation as detailed in Note no.32 below. With regard to third periodic maintenance, the company has straight-lined the project cost and accordingly made provision for present value of such straight-lined projected cost which is shown under non-current provision as on balance sheet date.

b) Movement of provision for periodic maintenance

Particulars	Rupees in Lakhs			
	March 31, 2021		March 31, 2020	
	Non-current	Current	Non-current	Current
Opening Balance	-	10,900.00	-	9,031.14
Accretion during the year*	1,497.72	-	-	1,868.86
Transferred from non-current to current	-	-	-	-
Utilised during the year	-	(2,183.44)	-	-
Closing Balance	1,497.72	8,716.56	-	10,900.00

* the Company has made provision for third periodic maintenance w.e.f. April 01, 2020 till March 31, 2021 and overlaying work which is expected to be completed by April 01, 2025.

17 Trade payables

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Current:		
Carried at amortised cost:		
Dues of micro enterprises and small enterprises [Refer Notes (a) below]	22.89	20.42
Dues of creditors otherthan micro enterprises and small enterprises		
Payable to related parties [Refer note no.41 below]	2,171.89	1,218.08
Dues to others	251.82	85.74
Total	2,446.60	1,324.24

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**Notes:**

a) Details of dues of micro enterprises and small enterprises

Dues to related parties [Refer note no.41]	16.22	16.17
Dues to others	6.67	4.25
Total	22.89	20.42

b) The fair value of Trade payables is not materially different from the carrying value presented.

c) Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60 days terms.

d) The Management is in continuous process of obtaining confirmations from its vendors regarding their registrations under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). Under the MSMED Act, 2006 which came into force with effect from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. On the basis of information and records available with the company, the following disclosures are made for the amounts due to Micro, Small and Medium Enterprises. Further, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of the Act are not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
The principal amount due thereon remaining unpaid to any supplier as at the end of each accounting year	22.89	20.42
The interest amount due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006)	-	-
The amount of interest accrued but not accounted and remaining unpaid at the end of accounting year; and	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

e) The Company is in the process of reconciling the outstanding balances with vendors and any changes in the balance upon reconciliation shall be given effect in the ensuing year and the management is of the opinion that there will not be any significant effect on such reconciliation.

(This Space has been intentionally left blank)

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**18 Other financial liabilities**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Current		
Other financial current liabilities at amortized cost		
Current maturities of long-term secured debt [Refer note no.14(a)]	4,769.21	4,707.25
Interest accrued but not due on debt	1,230.15	1,433.84
Total	5,999.36	6,141.09

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Break-up of financial liabilities		
Financial liabilities carried at amortised cost		
Borrowings	28,445.22	33,152.47
Lease liability	1,145.82	-
Liability component of preference share capital	2,534.74	2,290.10
Trade payables	2,446.60	1,324.24
Interest accrued but not due on debt	1,230.15	1,433.84
Other financial liabilities	-	-
Total	35,802.53	38,200.65

19 Other liabilities

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Non-current:		
Deferred contract revenue under service concession arrangement [Refer note (a) below]	139.65	-
Total	139.65	-
Current:		
Advance received from Customers and others *	209.53	52.03
Advance received against sale of CCDs [Refer note no.4(b)]	1,034.12	-
Deferred contract revenue under service concession arrangement [Refer note (a) below]	680.43	898.77
Statutory dues	114.82	101.09
Total	2,038.90	1,051.89
Total	2,178.55	1,051.89

* - includes advance received from Insurance Company against company's claim for road damages due to flood Rs.200.00 Lakhs [March 31, 2020 : Rs. Nil]

Notes:

a) Deferred contract revenue represents amount received from customer as per the half yearly annuity stipulated under the service concession arrangements to recognise revenue once the periodic maintenance services is completed and performance obligations are achieved.

(This Space has been intentionally left blank)

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**20 Income Tax**

The major components of income tax expense

20.01 Income tax expense in the statement of profit and loss comprises for the year:

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
<u>Profit or loss section</u>		
Current Tax [Refer note no.36 below]	296.64	297.17
Deferred Tax [Refer note no.20.04 below]	-	-
Income tax for earlier years	-	(375.30)
Tax expense / (credit) to Statement of Profit and Loss	296.64	(78.13)
<u>Other comprehensive income section (OCI)</u>		
Deferred tax related to items recognised in OCI during in the year:		
Re-measurement gains (losses) on defined benefit plans	-	-
Tax expense / (credit) to Other Comprehensive Income	-	-
Tax expense / (credit) to Total Comprehensive Income	296.64	(78.13)

20.02 Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year:

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Profit before tax (PBT)	1,095.56	1,103.15
Applicable tax rate	29.12%	29.12%
Tax effect of income / (loss) (a)	319.03	321.24
<i>Adjustments:</i>		
Tax effect on non-taxable income	(24.50)	(0.63)
Tax effect on non-deductible expenses	5.90	11.65
Effect of change in tax rates	-	-
Deduction under section 80IA [Refer note no.20.04(a) below]	(19.04)	-
Impact of minimum alternate tax credit	(340.79)	(151.91)
(b)	(378.43)	(140.89)
(c)=(a+b)	(59.40)	180.35
Deferred tax asset /(liability) is not recognised as the same will be reversed during section 80IA period [Refer note no.20.04 below] (d)	356.04	116.82
Tax expense/(credit) for the year (e)=(c+d)	296.64	297.17
Income tax for earlier years (f)	-	(375.30)
Tax expense / (credit) to Statement of Profit and Loss (g)=(e-f)	296.64	(78.13)
Effective tax rate for the year (e)/PBT	27.08%	26.94%

20.03 Provision for Income tax / Non-current tax assets

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Net current income tax asset/ (liability) at the beginning	93.33	597.03
Current tax payable for the year	296.64	297.17
Earlier year tax reversed	-	(375.30)
Current taxes (paid)/refund (net)	17.09	(425.57)
Net current income tax asset/ (liability) at the end *	407.06	93.33
* - refer note no.36		
The details of income tax assets and income tax liabilities		
Provision for Income tax (net)	546.16	393.17
Income tax assets (net)	(139.10)	(299.84)
Net current income tax asset/ (liability) at the end	407.06	93.33

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**20 Income Tax****20.04 Major components of deferred tax assets and liabilities**

Particulars	Rupees in Lakhs				
	As at April 01, 2019	For the year ended March 31, 2020	As at March 31, 2020	For the year ended March 31, 2021	As at March 31, 2021
Deferred tax liability					
Service concession assets	3,259.64	(312.22)	2,947.42	(363.90)	2,583.52
Right of use assets	-	-	-	202.80	202.80
Borrowings	25.04	(5.96)	19.08	(5.17)	13.91
Equity Component of preference shares	1,054.42	-	1,054.42	-	1,054.42
Fair value of investments through profit or loss	1.46	(1.19)	0.27	(0.26)	0.01
Total	4,340.56	(319.37)	4,021.19	(166.53)	3,854.66
Deferred tax asset					
Property, plant and equipments	28.77	(4.07)	24.70	(3.01)	21.69
Right of use lease liability	-	-	-	222.48	222.48
Liability portion of preference shares	360.92	64.54	425.46	71.24	496.70
Loans	-	-	-	97.25	97.25
Interest accrued on Loan to related Parties	59.84	293.56	353.40	(26.11)	327.29
Fair value of investments through profit or loss	-	-	-	123.02	123.02
Provision for major maintenance	1,575.79	282.13	1,857.92	(320.98)	1,536.94
Provision for leave encashment	13.96	2.84	16.80	22.15	38.95
Provision for gratuity	4.36	(2.29)	2.07	9.02	11.09
Provision for bonus	4.18	12.71	16.89	(5.55)	11.34
Unused tax losses	103.13	(103.13)	-	-	-
Unabsorbed tax depreciation	748.84	(748.84)	-	-	-
Total	2,899.79	(202.55)	2,697.24	189.51	2,886.75
Net deferred tax (assets) / liability	1,440.77	(116.82)	1,323.95	(356.04)	967.91
Deferred tax asset/(liability) not recognised [Refer note (a) below]	(1,440.77)	116.82	(1,323.95)	356.04	(967.91)
Net deferred tax (assets) / liability	-	-	-	-	-

Note:

a) The Company, being Infrastructure Company, enjoys the benefit of tax holiday period for 10 years out of first 20 years of operations. In initial years of operations, the Company has incurred losses and hence had not claimed the benefit of tax holiday period. The Management expects that all deferred tax liabilities originated as on balance sheet date pertains basically to infrastructure undertaking which is covered under section 80IA of the Income tax Act, 1961. As per the management projections these differences which are originated are getting reversed within the Section 80IA tax holiday period and resulting in insignificant deferred tax asset as at the end of the Section 80IA tax holiday period which incidentally is also the end of the project period. Accordingly, the company has not recognised the resulting deferred tax liability/asset that is expected to reverse during the tax holiday period.

20.05 The unused business loss and allowances is allowable in future period against taxable profit as follows:

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Unused depreciation allowances available for future taxable profit for unlimited period	-	-
Unused business loss available for future taxable profit upto:	-	-

20.06 The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**21 Revenue from operations**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Operations and maintenance income	4,705.14	2,153.59
Finance income on financial assets	3,161.53	3,623.26
Total	7,866.67	5,776.85

Notes:

a) Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

In the Service Concession agreement the Company has applied the guidance in Ind AS 115, by applying the revenue recognition criteria for each distinct performance obligation. The arrangement with the grantor generally meets the criteria for considering regular maintenance and periodic maintenance services as two distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of the contract at its relative standalone price using the expected cost plus margin approach. For periodical maintenance (overlays) and related services, the performance obligations are satisfied only when the services are rendered since the customer generally obtains the control of the work as it progresses though the company accounts for the provision for periodic maintenance as a best estimate is recognised and measured over the period of time in terms of Ind AS 37.

b) Disaggregate revenue information for the year ended March 31, 2021 and March 31, 2020:

The Company has presented disaggregated revenue from contracts with customers (under service concession arrangements) for the year ended March 31, 2021 by offerings and is of the opinion that, this disaggregation best depicts the nature, amount, timing of revenues and cash flows that are affected by the industry markets and other economic factors.

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Revenue by offering		
Operations and maintenance	4,705.14	2,153.59
Financial asset	3,161.53	3,623.26
Total	7,866.67	5,776.85

The Company has not identified any disaggregated revenues based on contract types.

c) Performance obligations:

Revenue from periodic maintenance (overlay) are recognised as per the service concession arrangements.

The performance obligation provides the aggregate amount of transaction that is pending to be performed and transaction price yet to be recognised as at end of the reporting period. The Company has applied the practical expedient as given in Ind AS 115 as the performance obligation on periodic maintenance as a part of a concession agreement that has an original expected duration of more than one year. The aggregate value of performance obligation that are unsatisfied as at March 31, 2021 is Rs.9,020.93 Lakhs. The company expects to recognise significant revenue within next one year on completion of the performance obligation relating to the second periodic maintenance to be completed by 2021-22 subject to pending litigations [refer note no.32]. Pending the same the performance obligations are recognised as provisions without corresponding recognition of revenue in terms of Ind AS 115.

Assets and liabilities under service concession arrangements on which performance obligation is not satisfied are classified as contract assets and contract liabilities respectively. Refer note nos.7 and 19 above.

22 Other income

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Interest Income on Bank Deposit and others	83.87	52.92
Interest on loan to related parties	3,052.93	3,067.91
Profit on sale of Investments	19.79	25.66
Excess provision written back	-	7.63
Scrap Sale	16.50	4.82
Other non-operating income	0.30	4.01
Total	3,173.39	3,162.95

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**23 Operating expenses**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Sub-contracting expenses	2,797.74	737.30
Concession fee [Re.1/-, (March 31, 2020 : Re.1/-)]	-	-
Total	2,797.74	737.30
Details of sub-contracting expenses		
Highway Maintenance Expenses	513.07	652.42
Toll/Highway Management Services	101.23	84.88
Periodic Maintenance expenses	2,183.44	-
Total	2,797.74	737.30

24 Employee benefit expenses

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Salaries, Perquisites & Allowance	603.47	432.65
Contribution to provident and other funds	54.62	27.51
Gratuity expense	3.22	3.42
Staff welfare expenses	9.40	6.47
Total	670.71	470.05

25 Finance costs

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Interest measured at amortised cost		
Interest on debts and borrowings	3,052.03	3,228.53
Interest others	1,166.01	2,272.20
Other borrowing cost	639.01	346.29
Total	4,857.05	5,847.02
Details of finance cost (Interest measured at amortised cost)		
<i>Interest on debts and borrowings</i>		
Interest on debentures	3,052.03	3,228.53
<i>Interest others</i>		
Unwinding interest on liability portion of preference shares	244.64	221.60
Interest loss on modification of Loan to related parties	718.23	1,364.47
Unwinding Interest on periodic maintenance provision	101.17	686.12
Interest on lease liability	101.19	-
Interest on delay in payment of statutory dues	0.78	0.01
<i>Other borrowing cost</i>		
Modification charge on service concession asset	526.17	236.81
Bank and other finance charges	112.84	109.48
Total	4,857.05	5,847.02

(This Space has been intentionally left blank)

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**26 Depreciation and amortization expense**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment [Refer note no.2]	10.33	10.46
Amortization of right of use assets [Refer note no.3]	348.22	-
Total	358.55	10.46

27 Other expenses

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Consumption of Stores and Spares	18.27	18.99
Utility Expenses (including Electricity charges)	78.70	71.56
Rent	3.71	4.88
License fee and Trademark fee	26.43	19.41
Rates and taxes	4.03	4.36
Insurance	272.98	49.41
Repairs and maintenance		
- Plant and Machinery	0.98	3.00
- Others	46.47	20.21
Safety expense	0.20	6.39
Vehicle running expense	22.63	29.27
Travelling and conveyance	26.74	57.01
Communication costs	8.34	7.75
Printing and stationery	2.35	2.64
Legal and professional fees	239.66	380.96
Manpower outsourcing	34.97	35.74
Directors' sitting fees	3.72	3.01
Payment to auditors [Refer note no. (a) below]	10.71	8.79
Advertisement and business promotion	0.77	4.84
Fixed Assets written off	-	-
Staff recruitment and training cost	0.09	0.12
Bank charges	0.26	0.03
Security Charges	12.43	-
Books and Periodicals	0.03	-
Corporate Social responsibility Expenses [Refer note no. (b) below]	17.91	26.14
Fair value loss (net) on financial instruments at fair value through profit or loss [Refer note no.4 and note (c) below]	423.36	4.09
Meeting and seminar	-	0.50
General expenses	4.71	12.72
Total	1,260.45	771.82

Notes:**a) Details of payment to auditors**

Statutory audit fee (including fee for limited review, interim financial reporting)	6.90	4.43
Tax audit fee	1.18	0.89
Certification charges	2.63	3.47
Total	10.71	8.79

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
b) Details of Corporate Social responsibility Expenses		
Gross amount required to be spent by the company during the year	17.91	26.14
Amount spent in cash during the year on		
i) Construction / acquisition of any asset	-	-
ii) On purposes other than (i) above	17.91	26.14
Amount remaining unspent	-	-

The Company's social responsibility initiatives are implemented through GMR Varalakshmi Foundation (GMRVF), the CSR arm of the GMR Group. The activities cover awareness about Preventive Health Care & Sanitation and Promoting Education including Vocational Skills. The Company has spent CSR amount through GMRVF Rs.17.91 Lakhs (March 31, 2020 : Rs.26.14 Lakhs). Amount spent directly by the Company is Rs.Nil (March 31, 2020 : Rs.Nil).

c) Fair value loss (net) on financial instruments at fair value through profit or loss:		
Investment in compulsorily convertible debentures [Refer note no.4]	422.45	-
Investment in mutual funds	0.91	4.09
Total	423.36	4.09

28 Earning per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year. There is no dilutive potential ordinary shares as at March 31, 2021 and March 31, 2020. Thus, diluted EPS equals basic EPS.

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

Particulars	March 31, 2021	March 31, 2020
a) Nominal value of Equity shares (in Rupees per share)	10.00	10.00
b) Weighted average number of Equity shares at the year end (in Nos)	13,80,00,000	13,80,00,000
c) Profit attributable to equity holders of the Company for basic earnings (Rupees in Lakhs)	798.92	1,181.28
d) Basic/Diluted Earning per share of Rs 10/- each (in Rs.) [(c)/(b)]	0.58	0.86

(This Space has been intentionally left blank)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

29 Disclosures on Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Notes to the financial statements.

29.01 Financial instruments by category

Financial instruments comprise financial assets and financial liabilities.

The carrying value and fair value of financial instruments by categories are as follows

Rupees in Lakhs

		As at March 31, 2021			As at March 31, 2020		
Particulars	Refer note no.	Amortised cost	Fair value through profit or loss	Fair value through OCI	Amortised cost	Fair value through profit or loss	Fair value through OCI
Financial assets:							
Investments:							
in CCD's of related party	4	-	3,307.12	-	-	-	-
in Mutual Funds	4	-	33.98	-	-	1,620.92	-
Loans to group companies	5	26,274.69	-	-	29,315.07	-	-
Security deposit	5	0.47	-	-	0.44	-	-
Receivable under service concession	6	17,338.68	-	-	20,834.18	-	-
Cash and cash equivalents	10	5,545.73	-	-	327.38	-	-
Other bank balances	11	745.87	-	-	1,384.33	-	-
Other financial assets	6	7,696.88	-	-	8,065.51	-	-
Total		57,602.32	3,341.10	-	59,926.91	1,620.92	-
		-			-		
Financial liabilities:							
Borrowings (including interest accrued)	14	29,675.37	-	-	34,586.31	-	-
Liability component of preference share capital	14	2,534.74	-	-	2,290.10	-	-
Trade payables	17	2,446.60	-	-	1,324.24	-	-
Lease liability	15	1,145.82	-	-	-	-	-
Other financial liabilities	18	-	-	-	-	-	-
Total		35,802.53	-	-	38,200.65	-	-

Fair values

The following methods and assumptions were used to estimate the fair values:

- The fair values of the unquoted mutual funds are based on NAV available at the reporting date.

29.02 Fair value hierarchy

The Company held the following assets and liabilities measured at fair value. The Company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

a) The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2021:

Particulars	Rupees in Lakhs			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments in compulsorily convertible debentures (CCD's) in related party	3,307.12	-	3,307.12	-
Investments in mutual funds	33.98	33.98	-	-
Liabilities measured at fair value through profit or loss:	-	-	-	-

b) The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

Particulars	Rupees in Lakhs			
	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments in compulsorily convertible debentures (CCD's) in related party	-	-	-	-
Investments in mutual funds	1,620.92	1,620.92	-	-
Liabilities measured at fair value through profit or loss:	-	-	-	-

During the year ended March 31, 2021 and March 31, 2020 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair value of liquid mutual funds is based on net asset value quoted price. The fair value of CCD's are based on valuation by the expert valuer.

The Board of Directors considers the fair value of all other financial assets and liabilities to approximate their carrying value at the balance sheet date.

In view of all financial assets and liabilities are carried at amortised cost, there are no financial assets and liabilities to be fair valued under fair value hierarchy.

30 Financial risk management

Financial Risk Factors

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets is Loan receivables, Receivable under SCA, Cash and Cash equivalents, Investment and other bank balance.

In the course of its business, the Company's exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The Company's senior management is supported by audit committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Company's senior management ensure that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. The risk management policy is approved by the Board of Directors. The risk management frame work aims to :

- create a stable business planning environment by reducing the impact of currency and interest rate fluctuation on the Company's business plans.
- achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

30.01 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at March 31, 2021 and March 31, 2020.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analysis.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates in view of the Company's long-term debt obligations with fixed interest rates. Borrowings at fixed rates expose the Company to fair value interest rate risk. In respect of deployment of funds by the company as loans/deposits to the related parties the interest rate risk has been considered by the company by fixing the terms for those loans for a period not exceeding one year which may be renewed with rates reflecting current market scenario.

The Company analyses its interest rate exposure on a dynamic basis. The Company's policy is to manage its interest cost using only interest free/ fixed rate debts from related parties.

Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. 50 basis points represents management's assessment of reasonably possible change in interest rate. With all other variables held constant, the Company's profit/(loss) before tax is affected through the impact interest rate of borrowings is as follows:

Particulars	Type of currency	Increase/decrease in basis points	Rupees in Lakhs			
			Effect on profit before tax		Effect on total equity	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Increase of profit	INR	(+)50	124.79	149.39	124.79	149.39
Decrease of profit	INR	(-)50	(124.79)	(149.39)	(124.79)	(149.39)

30.02 Commodity price risk

The Company is affected by the price volatility of certain commodities which is moderated by optimising the procurement for operating activities which require continuous procurement of road operation and maintenance materials. Therefore the Company monitors its purchases closely to optimise the price.

30.03 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of receivables under concession agreement/other receivables, loans, investments, cash and cash equivalents provided by the Company. The carrying value of financial assets represents the maximum credit risk, which may be affected by the changes in the credit risk of the counter parties.

No credit limits were exceeded during the reporting period other than those under litigation, and management does not expect any losses from non-performance by these counterparties.

Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Loans are non-derivative financial instruments which generate a fixed or variable interest income for the Company. The carrying value of loans may be affected by the changes in the credit risk of the counter parties. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units for a specified time period.

The carrying values of the financial assets approximate its fair values. The above financial assets are not impaired as at the reporting date. Other financial assets are neither past due nor impaired at reporting date. The cash and cash equivalents are maintained with reputed banks. Hence the Company believes no impairment is necessary in respect of the above financial instruments.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

30.04 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company's treasury department is responsible for liquidity, funding as well as settlement management.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow. This is generally carried out at by the Company in accordance with practice and limits set by the Company. 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. The Company also issues preference shares to the parent company/ group companies from time to time to ensure a liquidity balance.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

As at March 31, 2021, the Company had a working capital of Rs.36,071.16 Lakhs including cash and cash equivalents of Rs.5,545.73 Lakhs and current investments of Rs.3,341.10 Lakhs. As at March 31, 2020, the Company had a working capital of Rs.35,964.30 Lakhs including cash and cash equivalents of Rs.327.38 Lakhs and current investments of Rs.1,620.92 Lakhs.

The following are the contractual maturities of non-derivative financial liabilities, including the estimated interest payment on an undiscounted basis which therefore differs from both carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the year end.

Financial Liabilities				Rupees in Lakhs		
Particulars	Financial liabilities carrying value	Total amount payable	Repayable on demand	Due within 1 year	Due between 1 to 5 years	Due after 5 years
As at March 31, 2021						
Borrowings	28,445.22	28,493.00	-	4,784.00	18,739.00	4,970.00
Lease liability	1,145.82	1,233.58	-	792.30	441.28	-
Interest accrued on debt	1,230.15	1,230.15	-	1,230.15	-	-
Preference shares	2,534.74	4,450.00	-	-	-	4,450.00
Trade payable	2,446.60	2,446.60	-	2,446.60	-	-
Other financial liabilities	-	-	-	-	-	-
Total	35,802.53	37,853.33	-	9,253.05	19,180.28	9,420.00
As at March 31, 2020						
Borrowings	33,152.47	33,218.00	-	4,725.00	18,684.00	9,809.00
Lease liability	-	-	-	-	-	-
Interest accrued on debt	1,433.84	1,433.84	-	1,433.84	-	-
Preference shares	2,290.10	4,450.00	-	-	-	4,450.00
Trade payable	1,324.24	1,324.24	-	1,324.24	-	-
Other financial liabilities	-	-	-	-	-	-
Total	38,200.65	40,426.08	-	7,483.08	18,684.00	14,259.00

Excessive risk concentration

The Company needs to assess the risks in relation to excessive risk concentration and the measures adopted by the Company to mitigate such risks.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the company to manage risk concentrations at both the relationship and industry levels.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

30.05 Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company includes within net debt, borrowings, trade and other payables, less cash and cash equivalents.

The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt.

Particulars		Rupees in Lakhs	
		March 31, 2021	March 31, 2020
Debt - External long term borrowings	(a)	29,675.37	34,586.31
Capital Components			
Equity Share Capital		13,800.00	13,800.00
Other equity		10,023.78	9,223.16
Liability component of preference share capital		2,534.74	2,290.10
Total Capital	(b)	26,358.52	25,313.26
Capital and debt	(a+b)	56,033.89	59,899.57
Gearing ratio (%)	(a)/(a+b)	52.96%	57.74%

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 interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020.

(This Space has been intentionally left blank)

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**31 Contingent liabilities and commitments**

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
<i>a. Contingent Liabilities (to the extent not provided for)</i>		
Claims against the company not acknowledged as debt:		
i. Penalty levied by National Highways Authority of India (net of amount paid under protest) [Refer note no.32 below]	-	-
ii. Income tax demand of Rs.21.71 Lakhs (net of adjustment of refund Rs.33.33 Lakhs) for the AY 2017-18 issued due to erroneous adjustment of notional interest income of Rs.149.45 Lakhs recognised as per IND-AS. The Company has filed an appeal before the CIT(Appeals), Bengaluru against the demand and management is confident of getting a favourable order. During the year 2020-21, the department has adjusted the entire balance tax payable with the refund due and same is considered as amount paid under protest.	-	55.04
iii. Defaults in Tax Deducted at Source during FY 2020-21 and earlier years as per TRACES login	0.13	-
<i>b. Capital Commitments</i>		
Deposit payable by the Company in terms of Deed of Adherence with Dehli International Airport Limited (DIAL)	161.80	-
<i>c. Other Commitments</i>		
The Company has provided an undertaking to ICICI Bank Limited to deposit the amount received against the sale of Compulsorily Convertible Debentures of Kakinada SEZ Limited to an account held with ICICI Bank designated account subject to realization of balance consideration in order to settle the facilities availed by GMR Infrastructure Limited, the holding company. The payment to the ICICI Bank Limited towards settlement of the facilities of GMR Infrastructure Limited will be considered as Loan given to the holding company.	3,147.85	-

32 Litigation

The Company had received a penalty notice from National Highways Authority of India (NHAI) levying a penalty of Rs.1,031.00 Lakhs for delay in completion of First Periodic Maintenance of the Project which was subsequently enhanced by CAG to Rs.2,344.00 Lakhs. The penalty levied by NHAI was disputed by the Company and same was referred to Independent Engineer (IE) for amicable resolution as per the provisions of the Concession Agreement (CA).

NHAI had subsequently deducted Rs.1,078.62 Lakhs as penalty and damages while releasing 18th Annuity in March 2018. NHAI, during the previous financial year ended March 31, 2020 while remitting the amount of 22nd Annuity has further deducted an amount of Rs. 1,430.48 Lakhs by stating that damages are towards delay in taking up periodical maintenance of project highway.

The Company vide its letter dated December 7, 2017 had invoked Arbitration proceedings against NHAI in respect of the dispute on applicability of carrying out periodic maintenance (overlay work) of the road project once in every five years in the Concession Agreement. Both the Company and NHAI had appointed their Nominee Arbitrators and Indian Council of Arbitration has appointed the Chairman of the Arbitral Tribunal pursuant to the Order of the Hon'ble High Court of Delhi, New Delhi dated November 02, 2018. On January 14, 2020, the Hon'ble Tribunal had pronounced the award wherein it had not agreed with the contention of the Company that overlay is to be carried out as and when the roughness index exceeds 2000 mm/km and had held that the Company has to carry out overlay irrespective of the condition of the road. In view of the finding, the Tribunal has directed the Company to commence second overlay work with effect from April 01, 2020 and complete by December 31, 2020 and also complete the third overlay work by April 01, 2025. The NHAI has challenged the award before the Hon'ble High Court of Delhi with regard to extending the time line to commence and complete the second overlay work and third overlay work stating that such concession is not in accordance with Concession Agreement.

The Arbitral Tribunal had further directed NHAI to refund the amount of Rs.1,078.62 Lakhs which was wrongly deducted from the annuity along with interest @12% p.a. from the date of deduction. The Arbitral Tribunal has also directed NHAI to pay Rs.30.00 Lakhs towards costs of litigation and the entire amount of fee paid to the Arbitrators by the Company on behalf of NHAI. NHAI has challenged the award with regard to directions for refund of amount before the Hon'ble High Court of Delhi. The Company, in the absence of acceptance of claims by NHAI has not recognized the interest and the cost of litigation as recoverable in terms of its accounting policy.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Aggrieved by the findings of the Tribunal, to the limited issue of requirement of overlay upon every 5 years, the Company has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 before Hon'ble High Court of Delhi by challenging the award to the extent of wrong interpretation of clause 4.3.1 of schedule "I" to CA and rejection of claims for reimbursement of cost of overlay incurred by the company which under given circumstance was not required pending disposal of appeal. On July 1, 2020, the Court has stayed the operation of impugned award relating to undertaking of overlay and also stayed the operation of letter dated June 12, 2020 issued by the Independent Engineer till the date of disposal of this petition. NHAH has also filed petition under Section 34 of the Arbitration and Conciliation Act, 1996 before Hon'ble High Court of Delhi by challenging the award with regard to extending the time line to commence and complete the second overlay work and third overlay work and directions for refund of amount withheld by time as damages stating that such concession is not in accordance with Concession Agreement.

With regard to recognition of interest @ 12% pa on wrongly withheld amount of Rs.1,078.62 Lakhs by NHAH and recognition of reimbursement claim of cost of litigation and arbitrator fees paid on behalf of NHAH, the Company has already requested the NHAH to release the payment of Rs.1,078.62 Lakhs and will recognise the interest income and reimbursement of expense once the same is received thereof.

Subsequent to the Hon'ble Arbitral Tribunal Order, NHAH withheld an amount of Rs.1,430.48 Lakhs from 22nd Annuity during March 2020 claiming damages of Rs.1,256.72 Lakhs towards delay in taking up second periodic maintenance (10th year) for the period March 26, 2019 to March 25, 2020 claiming to be in terms of Clause 18.13 of the Concession Agreement and the Policy Circular dated February 05, 2018 and further damages of Rs.173.76 Lakhs towards non-fulfilment of O&M Obligations and non-curing deficiencies as recommended by the previous Independent Engineer, by ignoring the directions of the Tribunal that the second periodic maintenance work was to be started w.e.f April 01, 2020. NHAH has also directed the company to start periodic maintenance overlay work as per the Tribunal Order. The Company has served legal notice to NHAH for the recovery of the amount. However NHAH has declined to release the same, and the company has initiated legal action for recovery of the same.

The Company has also filed Section 9 application seeking mandatory injunction against NHAH for release of the amount wrongly deducted by NHAH. The application was listed before the Hon'ble Delhi High Court and was tagged with Section 34 applications filed by the Company and NHAH. Both Section 9 and Section 34 application are now listed for hearing on July 13, 2021.

The management of the Company, based on external expert legal opinion and on its understanding of the Order, is of the opinion that the Company will succeed in the NHAH petitions before High Court and also get refund of amount as per Arbitral Tribunal Award. Further, the management of the Company is also of the opinion that, there would be no material negative impact on the financial statements for the period considering that the provision for second periodic maintenance has already been provided for in the books and it would be initiating the same in terms of the arbitral award.

- 33** The Supreme Court (SC) had passed an order dated February 28, 2019 stating that for the purpose of contribution to be made under the Employees Provident Fund and Miscellaneous Provisions Act, 1956 ('EPF Act'), the definition of basic wages includes all emoluments paid in cash to the employees in accordance with the terms of their contract of employment. In view of the same, the Company is liable to make further contribution towards Provident Fund ('PF') on the entire salary paid by it to its employees other than certain emoluments based on performance and variable. However, there is no clarity on effective date from when the liability is required to be paid by the Company. As a matter of caution, the Company has accounted and paid the PF liability in terms of the SC order on a prospective basis from the date of the SC order i.e., April 1, 2019 onwards. The Company further will account and pay the differential PF liability if any, on receiving further clarity on the subject from the Provident Fund Authorities and the impact if any which in view of the Company is not expected to be material.
- 34** The Indian Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed. The Company will complete its evaluation and will give appropriate impact, if any, in the financial results/statement following the Code becoming effective and the related rules being framed and notified.
- 35** The Management of the Company is of the opinion that no provision is required to be made in its books of account other than those already provided if any, with respect to any material foreseeable losses under the applicable laws, accounting standards or long term contracts. The Company does not have any derivative contracts.
- 36** Non-consideration of Service Concession Agreement adjustment for the purpose of computing Income under section 115JB of the Income Tax Act, 1961:

The Company had entered into concession agreement with National Highways Authority of India for rehabilitation and strengthening of existing 2-lane portion from km 367.000 (Adloor Yellareddy) to km 447.000 (Kalkallu), covering 80.745 kms, and Improvement, operation and maintenance of kms 447.000 (Kalkallu) - 464.000 (Gundla Pochanpalli) covering 17.00 kms on NH-7 in the state of Andhra Pradesh, to 4 lanes under a concession on build, operate and transfer (BOT).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Indian Accounting Standards (Ind AS) was made applicable to the Company from financial year (FY) 2016-17. Under Ind AS the company being an operator under Service Concession Agreement (SCA) entitled to fixed annuity has classified Carriageways as financial assets. The company in terms of the same is apportioning proportionate amount of Annuity received by it every year to the financial assets so that at the end of concession period the assets becomes NIL and the balance towards financing income and service revenue towards operations. The company accordingly is not charging any depreciation on carriageways as was done under IGAAP. Accordingly the proportionate amount of annuity charges to carriageways is not shown as income / revenue in the profit and loss account and similarly depreciation is not claimed as expenses as was done under IGAAP.

As per the provision of section 4 and 5 of the Income Tax Act, the above amount of Annuity which is not included in the profit and loss account is chargeable to tax under normal provision of Income Tax Act. Similarly, the company is eligible to claim expenses of periodic maintenance (overlay) and income tax depreciation under the normal provision of Act.

The Company while Computing Book Profit in terms of Section 115 JB of Income Tax Act 1961 has offered the above amount of annuity for tax and corresponding depreciation on carriageways (original cost of project road) and expenses towards periodic maintenance has been claimed while computing book profit under section 115JB of the Act as against the book profit arrived at in the financials based on the financial model in terms of applicable Indian Accounting Standards.

In this regard, the company had placed reliance on the rationale of introducing the MAT provisions (by way of section 80VVA of the Act), that actual income of the company without allowing deduction under any of the listed provision has to be taxable. The management is of the opinion that adjustment made towards SCA results in recognition of notional financial income ignoring annuity income, actual depreciation and will lead to taxability of notional income and expenses which will defeat the purpose of introduction of the provision of MAT. As such while computing the book profit under 115JB of the Act, the company has removed the notional adjustment as required for SCA model under IND-AS scenario and offered actual profit under MAT computed in lines with the IGAAP which it hitherto was following prior to introduction of Ind-As in FY 2016-17 in its income tax returns. The Company has been advised that the said treatment has not been challenged by the income tax department in the assessment proceedings held during the year for the accounts of first year of adoption of Ind As and the returns have been accepted.

The Company for the purposes of preparation of Ind-AS financial statements for the current year and previous year has provided for the current tax expense considering profits arrived under audited Ind-AS financial statements as the most likely amount of tax liability for the year under prudence. The provisions would be crystallized on the finalization of the income tax assessment proceedings and necessary entries would be passed.

37 Impact of Covid-19 pandemic

The COVID-19 pandemic has impacted businesses globally and in India. The Company has continued its assessment of likely adverse impact on economic environment in general and financial risks on account of COVID-19. The Company, however, believes strongly that its offerings to the customer falls in essential services and would not significantly impact its revenue.

The Company is engaged in development of highways on build, operate and transfer model for which the consideration is received on fixed half-yearly annuity from NHAI. The management hence is of the opinion that there is no impact on the cash inflows and consequently on revenue recognition. The Company proposes to claim compensation if any, under Force Majeure to the extent it deems can be claimed once its impacts are ascertained.

The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. However, management does not anticipate significant negative impact on operational activities of the Company.

The Company on the basis of their assessment believes that the probability of the occurrence of their forecasted transactions is not much impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk.

However due to the nature of the pandemic and non-availability of sufficient vaccine / treatment for its eradication, the Company will continue to be vigilant on various developments / impacts in the future so as to insulate itself from any material adverse impact.

- 38** The Company is engaged primarily in the business of Construction, Operation & Maintenance of Highways. As per the requirements of Ind AS 108, " Operating Segments", the principal revenue generating activities of the Company is from Operation & Maintenance of Highways which is regularly reviewed by the National Highways Authority of India (NHAI). Accordingly, the management is of the view the Company has a single reportable segment and the requirements of reporting on operating segments and related disclosures as envisaged in Indian Accounting Standard 108 is not applicable to the present activities of the Company.

The Company's only segment being Operation & Maintenance of Highways comprises of one customer which has contributed 100% of the revenue during the year.

- 39** The Company has initiated the process of Balance confirmations and is yet to receive balance confirmations in respect of certain financial assets and financial liabilities. The Management however does not expect any material difference affecting the current year's financial statements due to the same.

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**40 Employee Benefits****a) Defined Contribution Plans :**

The Company's Contribution to Provident and Pension Fund and Superannuation Fund charged to Statement of Profit and Loss are as follows :

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
Contribution to provident fund and other funds	28.53	16.72
Contribution to Superannuation fund	26.08	10.75
Total	54.61	27.47

b) The disclosures required as per the revised Ind AS 19 are as under:

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2021 and March 31, 2020:

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
i. Change in defined benefit obligation		
Defined benefit at the beginning	38.25	33.52
Current Service Cost	2.74	3.02
Interest expenses	2.60	2.22
Acquisition Cost/(Credit)	29.62	5.91
Remeasurements - Actuarial loss / (gain)	(1.88)	2.15
Benefits paid	-	(8.57)
Defined benefit at the end	71.33	38.25
ii. Change in fair value of plan assets:		
Fair value of Plan Assets at the beginning	31.14	18.55
Expected return on plan assets	2.12	1.82
Acquisition Adjustment *	-	5.91
Actuarial gains/ (losses)	(0.17)	(0.01)
Contributions by employer	0.14	13.44
Benefits paid	-	(8.57)
Fair value of plan assets at the end	33.23	31.14
*the net acquisition adjustment pertains to transfer out/transfer in of employees of the Company. However, the effective LIC transfer in of Rs.29.62 Lakhs is pending.		
iii. Amount Recognized in the Balance Sheet		
Present Value of Obligation as at year end	71.33	38.25
Fair Value of plan assets at year end	(33.23)	(31.14)
Net (asset) / liability recognised	38.10	7.11
iv. Amount recognized in the Statement of Profit and Loss under employee benefit expenses.		
Current Service Cost	2.74	3.02
Past Service Cost	-	-
Service cost	2.74	3.02
Net interest on net defined benefit liability / (asset)	0.48	0.40
Total expense	3.22	3.42
v. Recognised in other comprehensive income for the year		
<i>Remeasurement of actuarial gains/(losses) arising from</i>		
- changes in experience adjustments	(1.88)	(0.37)
- changes in financial assumption	-	2.52
- changes in demographic assumptions	-	-
Actuarial (gains)/ losses	(1.88)	2.15
- return on plan assets excluding interest income	0.17	0.01
Actuarial (Gain) or Loss recognized in other comprehensive income	(1.71)	2.16

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Rupees in Lakhs	
	March 31, 2021	March 31, 2020
vi. Maturity profile of defined benefit obligation		
Within the next 12 months (next annual reporting period)	23.61	2.72
1-2 year	3.75	2.92
2-3 year	4.04	3.01
3-4 year	4.29	3.27
4-5 year	4.46	3.62
5-10 year	32.50	28.57

vii. Quantitative sensitivity analysis for significant assumptions is as below:**Increase / decrease on present value of defined benefit obligation as at year end**

(i) one percentage point increase in discount rate	(4.19)	(3.11)
(ii) one percentage point decrease in discount rate	4.78	3.56
(iii) one percentage point increase in salary escalation rate	3.13	1.95
(iv) one percentage point decrease in salary escalation rate	(2.85)	(1.80)
(v) one percentage point increase in employee turnover rate	1.02	0.94
(vi) one percentage point decrease in employee turnover rate	(1.13)	(1.05)

Sensitivity Analysis Method

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by percentage, keeping all the other actuarial assumptions constant.

Risk Faced by Company:

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

viii. The major category of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2021	March 31, 2020
Investment with Insurer managed funds - conventional products	100%	100%

The Company contributes all ascertained liabilities towards gratuity to the Life Insurance Corporation of India (LIC). As of March 31, 2021 and March 31, 2020, the plan assets have been invested in insurer managed funds.

ix. The weighted average assumptions used to determine net periodic benefit cost for the year ended March 31, 2021 and March 31, 2020 are set out below:

	March 31, 2021	March 31, 2020
Discount rate (p.a.)	6.80%	6.80%
Salary escalation Rate	6.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age	60 years	60 years
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The Company expects to contribute Rs.0.14 Lakhs to the gratuity fund during FY 2021-22.

c) Leave Encashment

Liability towards Leave Encashment based on Actuarial valuation amounts to Rs. 133.76 Lakhs as at March 31, 2021 [March 31, 2020: Rs. 57.70 Lakhs].

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**41 List of Related Parties with whom transactions have taken place during the year:****a) Names of the related parties and description of relationship**

Relationship	Name of the related parties
Holding Company	GMR Highways Limited (GHWL)
Enterprises having control over the Company	GMR Enterprises Private Limited [GEPL], (formerly known as GMR Holdings Private Limited) GMR Infrastructure Limited [GIL]
Fellow Subsidiary	GMR Energy Ltd (GEL) GMR Ambala Chandigarh Expressways Private Limited (GACEPL) GMR Tambaram Tindivanam Expressways Limited (GTTEL) GMR Tuni Anakapalli Expressways Limited (GTAEL) GMR Hyderabad Vijayawada Expressways Private Ltd (GHVEPL) GMR Hyderabad International Airports Ltd (GHIAL) Raxa Security Services Limited (RSSL) Dhruvi Securities Private Limited (DSPL) Kakinada SEZ Limited [KSL] GMR SEZ & Port Holdings Limited [GSPHL] GMR Chennai Outer Ring Road Private Limited [GCORR] Delhi International Airports Limited [DIAL]
Other entities - Enterprise where Key Management Personnel and their relatives exercise significant influence	GMR Varalakshmi Foundation (GVF) GMR Projects Private Limited, (GPPL)
Key Management Personnel	Mrs. Ragini Kiran Grandhi, Whole time director (from May 1, 2016) Mr. O Bangaru Raju, President (from May 1, 2019) Mr. Arun Kumar Sharma, Director (from April 11, 2014) Mr. Mohan Rao M, Director (from October 16, 2015) Mr. K.A.Somayajulu, Independent Director (from March 31, 2015) Mr. Bajrang Lal Gupta, Independent Director (from September 1, 2016)
Chief Financial Officer	Mr. Amit Kumar, CFO
Company Secretary	Mr. Paramjeet Singh, Company Secretary
Manager	Mr. Paranthaman Adimoolam (Manager, w.e.f. February 23, 2019)

b) Details of the transactions with related parties are as follows :**Rupees in Lakhs**

Particulars	Relationship	March 31, 2021	March 31, 2020
A. Items relating to statement of profit and loss			
a. Interest Income on Inter Corporate Deposit/Unsecured Loan given			
GHWL	Holding Company	1,369.82	926.86
GIL	Enterprises having control over the Company	850.32	785.72
DSPL	Fellow Subsidiary	20.44	170.04
KSL	Fellow Subsidiary	452.71	850.43
GSPHL	Fellow Subsidiary	208.40	193.81
GTTEL	Fellow Subsidiary	97.61	84.50
GTAEL	Fellow Subsidiary	48.91	56.55
GACEPL	Fellow Subsidiary	4.72	-
b. Modification Loss on Loan given to related parties			
GHWL	Holding Company	266.16	681.00
GIL	Enterprises having control over the Company	317.36	200.19
DSPL	Fellow Subsidiary	10.05	8.46
KSL	Fellow Subsidiary	30.42	429.29
GSPHL	Fellow Subsidiary	57.31	22.28
GTTEL	Fellow Subsidiary	28.36	15.25
GTAEL	Fellow Subsidiary	8.58	8.00
c. Interest on Liability portion of Preference Shares			
GIL	Enterprises having control over the Company	244.64	221.60

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Relationship	Rupees in Lakhs	
		March 31, 2021	March 31, 2020
d. Share of Corporate Common expense GIL	Enterprises having control over the Company	32.77	30.33
e. Monthly Maintenance of Highways GHWL	Holding Company	486.32	406.55
f. Change of scope work reimbursed GHWL	Holding Company	1,483.47	-
g. Periodic maintenance of Highways expenses recognised GHWL	Holding Company	2,183.44	-
Periodic maintenance of Highways cost not recognised as expenses as per Ind AS 115 GHWL	Holding Company	1,396.55	1,182.74
h. Charges for Security & Toll management services RSSL	Fellow Subsidiary	103.58	84.88
i. Unwinding Interest on Periodic Maintenance GHWL	Holding Company	101.17	686.12
j. Corporate Social Responsibility Expenses GVF	Other Entities	17.91	26.14
k. Travelling and conveyance, fuel charges DIAL	Fellow Subsidiary	-	1.85
l. Trademark & Logo fees GEPL	Enterprises having control over the Company	26.43	19.41
m. Electricity & Maintenance DIAL	Fellow Subsidiary	7.64	-
n. Unwinding Interest on lease liability DIAL	Fellow Subsidiary	101.19	-
o. Depreciation on right of use assets DIAL	Fellow Subsidiary	348.22	-
p. Sale of scrap materials / spares GHVEPL	Fellow Subsidiary	5.58	-
GCORR	Fellow Subsidiary	4.72	-
q. Fair value loss on investment in compulsorily convertible debentures KSL	Fellow Subsidiary	422.45	-
B. Items relating to balance sheet			
a. Equity shares outstanding GHWL	Holding Company	13,593.00	13,593.00
GIL	Enterprises having control over the Company	138.00	138.00
GEL	Fellow Subsidiary	69.00	69.00
b. Equity component of preference shares GIL	Holding Company	3,620.95	3,620.95
c. Liability portion of preference shares GIL	Holding Company	2,534.74	2,290.10
d. Investment in compulsorily convertible debentures KSL	Fellow Subsidiary	3,307.12	-

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Relationship	Rupees in Lakhs	
		March 31, 2021	March 31, 2020
e. Unsecured Loan / inter corporate deposits given			
GIL	Enterprises having control over the Company		
Opening balance		7,267.00	7,182.00
Add: Loan given during the year		1,034.12	85.00
Less: Recovered during the year		-	-
Closing Balance		8,301.12	7,267.00
GHWL	Holding Company		
Opening balance		10,969.00	6,080.00
Add: Loan given during the year		-	4,889.00
Less: Recovered during the year		(148.54)	-
Closing Balance		10,820.46	10,969.00
DSPL	Fellow Subsidiary		
Opening balance		177.00	2,000.00
Add: Loan given during the year		-	-
Less: Recovered during the year		-	(1,823.00)
Closing Balance		177.00	177.00
GTTEL	Fellow Subsidiary		
Opening balance		861.00	741.00
Add: Loan given during the year		-	120.00
Less: Recovered during the year		-	-
Closing Balance		861.00	861.00
GTAEL	Fellow Subsidiary		
Opening balance		574.00	494.00
Add: Loan given during the year		-	80.00
Less: Recovered during the year		(254.08)	-
Closing Balance		319.92	574.00
KSL	Fellow Subsidiary		
Opening balance		7,500.00	7,500.00
Add: Loan given during the year		-	-
Less: Converted into CCD's during the year		(3,650.55)	-
Less: Modification loss		(333.97)	-
Closing Balance		3,515.48	7,500.00
GSPHL	Fellow Subsidiary		
Opening balance		1,967.07	1,967.07
Add: Loan given during the year		-	-
Closing Balance		1,967.07	1,967.07
GACEPL	Fellow Subsidiary		
Opening balance		-	-
Add: Loan given during the year		266.53	-
Closing Balance		266.53	-
f. Advance to supplier of goods / services			
GHWL	Holding Company		
Opening balance		1,496.78	1,508.85
Add: Advance given during the year		-	-
Less: Utilised during the year		(69.22)	(12.07)
Closing Balance		1,427.56	1,496.78

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Relationship	Rupees in Lakhs	
		March 31, 2021	March 31, 2020
g. Interest receivable on loan given (net of modification loss)			
GIL	Enterprises having control over the Company	1,678.65	1,173.71
GHWL	Holding Company	2,582.46	2,132.57
DSPL	Fellow Subsidiary	49.82	40.19
GTTEL	Fellow Subsidiary	183.81	114.73
GTAEL	Fellow Subsidiary	51.61	65.47
KSL	Fellow Subsidiary	-	1,705.26
GSPHL	Fellow Subsidiary	325.91	175.20
GACEPL	Fellow Subsidiary	4.37	-
h. Trade and other payables			
GIL	Enterprises having control over the Company	81.16	48.53
GEPL	Enterprises having control over the Company	43.46	17.68
GHWL	Holding Company	2,044.75	1,150.06
DIAL	Fellow Subsidiary	1.81	1.81
RSSL	Fellow Subsidiary	16.22	16.17
GHIAL	Fellow Subsidiary	0.42	-
Mr. Bajrang Lal Gupta	Independent Director	0.28	-
Mr. K.A. Somayajulu	Independent Director	0.28	-
i. Right of use assets:			
DIAL	Fellow Subsidiary	696.44	-
j. Lease liability payable:			
DIAL	Fellow Subsidiary	1,145.82	-
k. Provision for periodic maintenance			
GHWL	Holding Company		
Opening balance		10,900.00	9,031.14
Add: Provision made during the year		1,497.72	1,868.86
Less: Provision utilised during the year		(2,183.44)	-
Closing Balance		10,214.28	10,900.00
l. Receivable/(payable) towards other reimbursement			
GHVEPL	Fellow Subsidiary	5.58	0.29
GWEL	Fellow Subsidiary	0.01	-
m. Other commitments			
GIL [Refer note no.31 above]	Enterprises having control over the Company	3,147.85	-
n. Capital commitments			
DIAL [Refer note no.31 above]	Fellow Subsidiary	161.80	-

Notes:

- i. Related Party Transactions given above are as identified by the Management.
- ii. Commitments with related parties: As at year end March 31, 2021 and March 31, 2020, there is no commitment outstanding with any of the related parties.
- iii. Terms and conditions of transactions with related parties
The transaction from related parties are made on terms equivalent to those that prevail in arm's length transactions as approved by the Audit Committee. Outstanding balances at the year-end are unsecured and settlements occurs in cash. There have been no guarantees provided or received for any related party receivables or payables other than loans to related parties and support letter received for such loans granted from GMR Infrastructure Limited. For the year ended March 31, 2021 and March 31, 2020, the Company has assessed the credit risk of dues receivable from related parties in respect of loans outstanding and the management is of the view that there are no impairment/credit loss allowance to be considered other than those already provided under modification loss with regard to loss allowance and delay in repayment of interest. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- iv. For terms and condition related to Preference Share please refer Note no14.

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

c. Compensation of key management personnel of the company		Rupees in Lakhs	
Particulars	March 31, 2021	March 31, 2020	
a. Short-term employee benefits	365.42	178.93	
b. Post-employment benefits (provident fund and superannuation fund)	38.62	15.25	
c. Termination benefits	-	-	
d. Any other payment/benefit given to KMPs	4.68	5.52	
Total	408.72	199.70	

d. Transaction with Key Management Personnel							Rupees in Lakhs
Particulars	Remuneration						Outstanding loans/advances receivables
	Short-term employee benefits	Post employment benefits	Other long-term employee benefits	Termination benefits	Sitting Fee	Others - Reimbursements	
Mr. Bajrang Lal Gupta	-	-	-	-	1.83 (1.48)	-	-
Mr. K.A. Somayajulu	-	-	-	-	1.89 (1.53)	-	-
Mrs. Ragini Kiran Grandhi	55.12 (59.93)	4.80 (4.80)	-	-	-	0.53 (0.25)	5.04 -
Mr. O Bangaru Raju	294.35 (103.96)	32.54 (9.18)	-	-	-	0.43 (2.21)	30.96 -
Mr. Paranthaman Adimoolam	15.95 (15.04)	1.28 (1.27)	-	-	-	- (0.05)	0.52 -

Previous year are in brackets

Note:

Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

42 Salient aspects of Service Concession Arrangement

National Highways Authority of India (NHAI) has granted the exclusive right and authority during the concession period for designing, engineering, financing, procurement, construction, completion, operation and maintenance of the Project Highway. It shall include Improvement, Operation and Maintenance of NH-7 in the state of Andhra Pradesh.

The Concession period is 20 year commencing from the commencement date .i.e. September 27, 2006

NHAI has further granted the exclusive right and authority during the concession period in accordance with terms and condition of the agreement to:

- to develop, design, engineer, finance, procure, construct, operate and maintain the Project Highway during the Concession Period.
- upon Completion of the Project Highway and during the Operation Period to manage, operate & maintain the Project Highway and regulate the use thereof by third parties.
- to allow NHAI to levy, demand, collect and appropriate the Fees from vehicles and persons liable to payment of Fees for using the Project Highway or any part thereof.
- perform and fulfil all of the obligations under this agreement.
- bear and pay all expenses, costs and charges incurred in the fulfilment of all the obligations under this Agreement.
- not assign or create any lien or Encumbrance on the Concession hereby granted on the whole or any part of the Project Highway nor transfer, lease or part possession therewith save and except as expressly permitted by this Agreement or the Substitution Agreement.

Annuity

Subject to the provisions of the Concession Agreement and in consideration of the Company accepting the Concession and undertaking to perform and discharge its obligations in accordance with the terms, conditions and covenants set forth in this agreement, NHAI agrees and undertake to pay to the Concessionaire, on each Annuity Payment Date, the sum of Rs. 5418 Lakhs.

GMR POCHANPALLI EXPRESSWAYS LIMITED

CIN - U45200KA2005PLC049327

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The Company should not levy, demand or collect from or in respect of any vehicle or Person, for the use of Project Facilities, any sum whatsoever in the nature of a toll or fee.

The Company should not permit or allow any advertisement/hoarding or other commercial activity and should not be entitled to charge, collect or receive any sums on account of any such activity. The Company agrees that unless otherwise provided in this Agreement, the project revenue shall consist of Annuity only.

Concession Fee

In consideration of the grant of Concession under this Agreement, the Concession fee payable by the Company to the NHAI is Rs. 1 per year during the terms of the concession agreement.

Operation and Maintenance

The Company shall operate and maintain the Project Highway by itself or through Operations and Maintenance (O&M) Contractor and if required, modify, repair or otherwise make improvement to the Project Highway to comply with Specifications and Standards, and other requirements set forth in this Agreement, Good Industry Practice, Applicable laws and Applicable Permits and manufacturer's guidelines and instructions with respect to toll systems and more specifically:

- i. permitting safe, smooth and uninterrupted flow of traffic during normal operating conditions.
- ii. to allow NHAI to levy, demand, collect and appropriate the Fees from vehicles and persons liable to payment of Fees for using the Project Highway or any part thereof as per Article VII of the Concession Agreement
- iii. minimizing disruption to traffic in the event of accidents or other incidents affecting the safety and use of the Project Highway by providing a rapid and effective response and maintaining liaison procedures with emergency services.
- iv. undertaking routine maintenance including prompt repairs of potholes, cracks, Concrete joints, drains, line marking, lighting and signage.
- v. undertaking periodic maintenance such as resurfacing of pavements, repairs to structures and hardware and other equipment.
- vi. carrying out periodic preventive maintenance to Project Highway.
- vii. preventing with the assistance of concerned law enforcement agencies unauthorised entry to and exit from the Project Highway.
- viii. preventing with the assistance of the concerned law enforcement agencies encroachments on the Project Highway including site and preserve the right of way of the Project Highway.
- ix. maintaining a public relations unit to interface with and attend to suggestions from users of the Project Highway, the media, Government Agencies, and other external agencies.
- x. adherence to the safety standards.

Monitoring and Supervision during Operation

The Company is required to undertake periodic inspection of the Project Highway to determine the condition of the Project Highway including its compliance or otherwise with the Maintenance Manual, the Maintenance Programme, Specifications and Standards and the maintenance required and shall submit report of such inspection ("Maintenance Report") to NHAI and the Independent Consultant.

43 Figures of the previous year wherever necessary, have been regrouped and rearranged to conform with those of the current year.

As per our report of even date attached

For Chaturvedi & Shah LLP

Chartered Accountants

Firm Registration Number : 101720W / W100355

LALIT RAMKRISHNA
MHALSEKAR

Digitally signed by LALIT
RAMKRISHNA MHALSEKAR
Date: 2021.06.07 22:57:41 +05'30'

Lalit R Mhalsekar

Partner

Membership No.: 103418

For and on behalf of the Board of Directors of
GMR Pochanpalli Expressways Limited

ARUN KUMAR SHARMA
Digitally signed by ARUN KUMAR SHARMA
Date: 2021.06.07
22:03:12 +05'30'

Arun Kumar Sharma

Director

DIN: 02281905

AMIT KUMAR
Digitally signed by AMIT KUMAR
Date: 2021.06.07 22:32:28
+05'30'

Amit Kumar

Chief Financial Officer

Membership no. 500164

MOHAN RAO MURTHY
Digitally signed by MOHAN RAO MURTHY
Date: 2021.06.07 22:03:34 +05'30'

Mohan Rao Murthy

Director

DIN: 02506274

PARAMJEET SINGH
Digitally signed by PARAMJEET SINGH
Date: 2021.06.07 22:04:25 +05'30'

Paramjeet Singh

Company Secretary

Membership no. A18789

Date : June 07, 2021

Place : Mumbai

Date : June 07, 2021

Place : New Delhi