

# Independent Auditor's Report

To the Unitholders' of Embassy Office Parks REIT

## Report on the Audit of the Consolidated Ind AS Financial Statements

### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Embassy Office Parks REIT (hereinafter referred to as "the REIT"), its subsidiaries and a Joint venture (together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Unitholders' Equity for the year then ended and the consolidated Statement of Net Assets at fair value as at March 31, 2021 and the consolidated Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCF's') of the REIT and each of its subsidiaries for the year then ended and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder read with SEBI Circular No. CIR/IMD/DF/146/2016 dated December 29, 2016 (the "REIT regulations") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent not inconsistent with REIT regulations, of the consolidated state of affairs of the Group as at March 31, 2021, its consolidated profit including other comprehensive income, its consolidated cash flows, its consolidated statement of changes in Unitholders' equity for the year ended March 31, 2021, its consolidated net assets at fair value as at March 31, 2021, its consolidated total returns at fair value and the NDCF's of the REIT and each of its subsidiaries for the year ended March 31, 2021.

### Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's

Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the REIT Regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Emphasis of Matter

We draw attention to note 46(iv) to the consolidated Ind AS financial statements which refers to the uncertainty in relation to two pending cases, as regards Property tax dues aggregating to ₹ 3,418.89 million as at March 31, 2021, payable by Manyata Promoters Private Limited, before judicial forums basis, previously raised demand notices by the local regulatory authority. Based on legal opinions obtained and pending outcome of such legal matter no provision has been made in these consolidated Ind AS financial statements.

Our opinion is not modified in respect to the above matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS 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 consolidated Ind AS financial statements. The results of our audit procedures performed by us and by other auditors of components not audited by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Assessing impairment of Goodwill, Intangible assets with indefinite useful life, Investment property and Property, plant and equipment</b> (as described in note 2.2 (c), 6 and 7 of the consolidated Ind AS financial statements)</p> <p>Goodwill and other Intangible assets with indefinite useful life, acquired in a business combination, are significant items on the balance sheet and management performs impairment testing for such goodwill and intangible assets, annually.</p> <p>Further, the Group's carrying value of Investment properties is ₹ 281,314.55 million (including properties under construction - ₹ 8,968.79 million) and carrying value of Property, plant and equipment is ₹ 26,806.82 million (including capital work in progress - ₹ 4,739.47 million) as at March 31, 2021, which is also subject to impairment testing.</p> <p>During the current year, impairment indicators were identified by the management for certain Cash Generating Units. In performing such impairment assessments, management compared the carrying value of each of the identifiable cash generating units ("CGUs") to which goodwill and other Intangible assets with indefinite useful life had been allocated with their respective 'value in use' computed based on discounted cash flow method, to determine if any impairment loss should be recognized.</p> <p>Similarly, for ensuring that its investment properties and property, plant and equipment are carried at no more than their recoverable amount, the recoverable amount, i.e. value in use, is determined by forecasting and discounting future cash flows.</p> <p>Considering the impairment assessment involves significant assumptions and judgement, we regard this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Assessed the management's valuation methodology in determining the recoverable amounts.</li> <li>- Evaluated management's identification of CGU's, the carrying value of each CGU and the methodology followed by management for the impairment assessment in compliance with the applicable accounting standards.</li> <li>- We involved valuation specialists to: <ul style="list-style-type: none"> <li>(a) Assess the valuation reports issued by the independent valuer engaged by the management and compared key property related data used as input with actual data.</li> <li>(b) Assess the key assumptions included in the cash flow forecasts by management and independent valuer, including considerations due to current economic and market conditions including effects of COVID-19 pandemic.</li> <li>(c) Discussed changes in key drivers as compared to actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models by management and independent valuer were reasonable, including considerations due to current economic and market conditions including effects of COVID-19 pandemic.</li> </ul> </li> <li>- We read/assessed the disclosures in the consolidated Ind AS financial statements for compliance with the relevant accounting standards requirements.</li> </ul>
<p><b>Classification of Unitholders' funds as equity</b> (as described in note 21(a)(i) of the consolidated Ind AS financial statements)</p> <p>The REIT is required to distribute to its Unitholders not less than ninety percent of its net distributable cash flows for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the REIT to pay cash distributions to its Unitholders. The Unitholders' funds could have been classified as compound financial instrument which contains both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars No. CIR/IMD/DF/141/2016 dated December 26, 2016 and No. CIR/IMD/DF/146/2016 dated December 29, 2016 ("SEBI Circulars") issued under the REIT Regulations, the Unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated December 26, 2016 dealing with the minimum disclosures for key financial statements.</p> <p>Based on the above, the classification of Unitholders' funds as equity involved considerable management judgement. Accordingly, it is considered as a key audit matter.</p>	<p>Our audit procedures included evaluating the requirements for classification of financial liability and equity under Ind AS 32 and evaluating the provisions of SEBI Circulars for classification/presentation of Unitholders' funds in the consolidated Ind AS financial statements of the REIT.</p> <p>We assessed the disclosures in the consolidated Ind AS financial statements for compliance with the relevant requirements of REIT regulations.</p>

# Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
<p><b>Accounting for Business Combinations</b> (as described in note 47 (A) and note 47 (B) of the consolidated Ind AS financial statements)</p> <p>During the year ended March 31, 2021, the Group completed certain acquisitions that resulted in the Group acquiring control over the entities Vikas Telecom Private Limited, Embassy Office Ventures Private Limited and Sarla Infrastructure Private Limited and acquisition of Common Area Maintenance services business as disclosed in Note 47 (A) and Note 47 (B) of the consolidated Ind AS financial statements.</p> <p>Management made judgements whether the acquisitions are in the nature of business or assets, identification of assets and liabilities acquired, assessment of fair value of assets and liabilities on the date of acquisition, allocation of consideration or cost of acquisition to the assets and liabilities acquired.</p> <p>Considering, significance of the transaction, judgements involved around assessment of acquisition as a business acquisition or an asset acquisition, assessment of fair values of assets and liabilities and allocation of consideration thereon involves significant assumptions and judgement, the same has been considered as key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>- Evaluated the management judgements relating to assessment whether the acquisition is a business under Ind AS 103 or an asset acquisition.</li> <li>- Read and evaluated the key terms of the underlying agreements applicable to the acquisitions along with the necessary board and Unitholder approval, as applicable, for the acquisition.</li> <li>- Involved valuation specialists to review the assumptions used by the independent valuer engaged by the management in arriving at the fair value of assets and liabilities acquired.</li> <li>- Obtained and read the valuation reports issued by the independent valuer engaged by the management for measuring, the assets acquired, and liabilities assumed, at fair value including the allocation of purchase price.</li> <li>- Assessed the related disclosures in the consolidated financial statements regarding the acquisition.</li> </ul>
<p><b>Computation and disclosures of Net Assets and Total Returns at Fair Value</b> (as described in note 2.2(c) and in Statement of Net assets at fair value and Statement of total returns at fair value of the consolidated Ind AS financial statements)</p> <p>As per the provisions of REIT Regulations, the REIT is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value which requires fair valuation of assets. For this purpose, fair value is determined by forecasting and discounting future cash flows. The determination of fair value involves judgement due to inherent uncertainty in the underlying assumptions and it is highly sensitive to changes in some of the inputs used e.g. the discounting rate (WACC), capitalization rates, rental growth rates etc.,.</p> <p>Accordingly, the aforementioned computation and disclosures are determined to be a key audit matter in our audit of the consolidated Ind AS financial statements.</p>	<p>Our audit procedures include the following:</p> <ul style="list-style-type: none"> <li>- Read the requirements of SEBI REIT regulations for disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value.</li> <li>- Assessed the appropriateness of independent valuer's and management's valuation methodology applied in determining the fair values.</li> <li>- Tested controls implemented by management to determine inputs for fair valuation as well as assumptions used in the fair valuation.</li> <li>- We involved valuation specialists to: <ul style="list-style-type: none"> <li>(a) Assess the valuation reports issued by the independent valuer engaged by the management and compared key property related data used as input with actual data.</li> <li>(b) Assess the key assumptions included in the cash flow forecasts by management and independent valuer, including considerations due to current economic and market conditions including effects of COVID-19 pandemic.</li> <li>(c) Discussed changes in key drivers as compared to actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models by management and independent valuer were reasonable, including considerations due to current economic and market conditions including effects of COVID-19 pandemic.</li> </ul> </li> <li>- Tested the arithmetical accuracy of computation in the Statement of Net Assets and Total Returns at Fair Value.</li> <li>- Read/Assessed the disclosures in the consolidated financial statements for compliance with the relevant requirements of REIT Regulations.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>Related party transactions and disclosures</b> (as described in note 51 of the consolidated Ind AS financial statements) <p>The Group has undertaken transactions with its related parties in the normal course of business. These include making acquisition of property, business acquisitions, capital advances, fees for certain services provided by related parties to Group; fees for certain services provided by Group to related parties, etc.as disclosed in Note 51 of the consolidated Ind AS financial statements.</p> <p>We identified the recording of all possible related party transactions and its disclosure as set out in respective notes to the consolidated Ind AS financial statements as a key audit matter due to the significance of transactions with related parties during the year ended March 31, 2021 and regulatory compliance thereon.</p>	Our audit procedures included the following: <ul style="list-style-type: none"> <li>- Obtained, read and assessed the Group's policies, processes and procedures in respect of identifying related parties, evaluation of arm's length, obtaining necessary approvals, recording and disclosure of related party transactions, including compliance of transactions and disclosures in accordance with REIT regulations.</li> <li>- We tested, on a sample basis, related party transactions with the underlying contracts and other supporting documents for appropriate authorization and approval for such transactions.</li> <li>- We read minutes of Unitholder meetings, Board and its relevant committee meetings and minutes of meetings of those charged with governance of the Manager and SPVs in connection with transactions with related parties effected during the year and Group's assessment of related party transactions being in the ordinary course of business at arm's length and in accordance with REIT regulations.</li> <li>- Assessed and tested the disclosures made in accordance with the requirements of Ind AS and REIT regulations.</li> </ul>

## Other Information

The Management of Embassy Office Parks Management Services Private Limited ("the Manager"), acting in its capacity as the manager of Embassy Office Parks REIT is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Management of the Manager ('the Management') is responsible for the preparation and presentation of these consolidated Ind AS financial statements that

give a true and fair view of the consolidated financial position as at March 31, 2021, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in Unitholders' equity for the year ended March 31, 2021, its consolidated net assets at fair value as at March 31, 2021, its consolidated total returns at fair value of the REIT and the net distributable cash flows of the REIT and each of its subsidiaries for the year ended March 31, 2021 in accordance with the requirements of the REIT regulations; Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India, to the extent not inconsistent with REIT regulations. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding of the assets of the Group 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 the design, implementation and maintenance of adequate controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Management, as aforesaid.

# Independent Auditor's Report

In preparing the consolidated Ind AS financial statements, the Board of Directors of the Manager and the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Management and respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of the Group.

## Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- 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 ability of the Group 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 consolidated Ind AS 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the REIT and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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



(all amounts in ₹ million unless otherwise stated)

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 consolidated Ind AS financial statements for the financial year ended March 31, 2021 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.

#### Other Matter

We did not audit the financial statements and other financial information, in respect of 3 subsidiaries, whose Ind AS financial statements include total assets of ₹ 61,102.67 million as at March 31, 2021, and total revenues of ₹ 2,207.24 million and net cash outflows of ₹ 1,472.45 million for the quarter ended March 31, 2021. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

Based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of subsidiaries, we report that:

- (a) We/the other auditors whose report we have relied upon 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) The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements; and
- (c) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 (as amended), to the extent not inconsistent with REIT regulations.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

Sd/-

per **Adarsh Ranka**

Partner

Membership Number: 209567

UDIN: 21209567AAAACG6141

Place: Bengaluru, India

Date: April 29, 2021

# Consolidated Balance Sheet

(all amounts in ₹ million unless otherwise stated)

	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	22,067.35	20,698.93
Capital work-in-progress	4	4,739.47	2,334.07
Investment property	5	272,345.76	194,076.48
Investment property under development	8	8,968.79	1,773.39
Goodwill	6	63,946.24	50,289.37
Other intangible assets	7	15,924.64	5,001.36
Equity accounted investee	9	24,118.57	24,091.36
Financial assets			
- Loans	11	835.18	668.71
- Other financial assets	12	4,004.62	1,188.54
Deferred tax assets (net)	25	48.84	-
Non-current tax assets (net)	13	1,095.27	1,554.70
Other non-current assets	14	18,383.62	16,475.64
<b>Total non-current assets</b>		<b>436,478.35</b>	<b>318,152.55</b>
<b>Current assets</b>			
Inventories	15	10.80	12.82
Financial assets			
- Investments	10	-	12,273.59
- Trade receivables	16	473.16	242.25
- Loans	17	1.03	51.49
- Cash and cash equivalents	18A	9,174.78	3,249.16
- Other bank balances	18B	253.75	169.79
- Other financial assets	19	4,056.35	399.46
Other current assets	20	395.34	351.22
<b>Total current assets</b>		<b>14,365.21</b>	<b>16,749.78</b>
<b>Total assets</b>		<b>450,843.56</b>	<b>334,902.33</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Unit capital	21	288,262.11	229,120.96
Other equity	22	(17,331.44)	(5,943.12)
<b>Total equity</b>		<b>270,930.67</b>	<b>223,177.84</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	23	106,023.33	56,170.51
- Other financial liabilities	24	4,749.57	3,118.65
Provisions	26	5.79	5.25
Deferred tax liabilities (net)	25	53,296.43	40,407.38
Other non-current liabilities	27	685.26	386.70
<b>Total non-current liabilities</b>		<b>164,760.38</b>	<b>100,088.49</b>
<b>Current liabilities</b>			
Financial liabilities			
- Trade payables	28		
- total outstanding dues of micro and small enterprises		48.27	2.48
- total outstanding dues of creditors other than micro and small enterprises		392.62	252.27
- Other financial liabilities	29	12,737.83	10,562.79
Provisions	30	1.89	2.37
Other current liabilities	31	1,872.13	781.58
Current tax liabilities (net)	32	99.77	34.51
<b>Total current liabilities</b>		<b>15,152.51</b>	<b>11,636.00</b>
<b>Total equity and liabilities</b>		<b>450,843.56</b>	<b>334,902.33</b>

## Significant accounting policies

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The accompanying notes referred to above are an integral part of these Consolidated Financial Statements.

As per our report of even date attached

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**

Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of

**Embassy Office Parks Management Services Private Limited**

(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**

Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**

Director

DIN: 00544890

Place: Boston

Date: April 29, 2021

# Consolidated Statement of Profit and Loss

(all amounts in ₹ million unless otherwise stated)

	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Income and gains</b>			
Revenue from operations	33	23,603.20	21,449.22
Interest	34	971.20	477.35
Other income	35	214.06	513.00
<b>Total Income</b>		<b>24,788.46</b>	<b>22,439.57</b>
<b>Expenses</b>			
Cost of materials consumed	36	35.55	118.94
Employee benefits expense	37	225.48	377.17
Operating and maintenance expenses	38	413.81	627.46
Repairs and maintenance	40	1,794.20	1,215.38
Valuation expenses		8.45	9.74
Audit fees		49.26	43.20
Insurance expenses		81.90	66.74
Investment management fees	45	748.14	700.94
Trustee fees		2.95	2.96
Legal and professional fees		291.18	383.94
Other expenses	39	1,444.33	1,246.33
<b>Total Expenses</b>		<b>5,095.25</b>	<b>4,792.80</b>
<b>Earnings before finance costs, depreciation, amortisation, impairment loss and tax</b>		<b>19,693.21</b>	<b>17,646.77</b>
Finance costs	41	6,452.89	3,803.54
Depreciation expense	42	4,940.15	5,120.00
Amortisation expense	42	766.82	161.24
Impairment loss	3, 6	988.96	1,775.98
<b>Profit before share of profit of equity accounted investee and tax</b>		<b>6,544.39</b>	<b>6,786.01</b>
Share of profit after tax of equity accounted investee		994.48	1,169.33
<b>Profit before tax</b>		<b>7,538.87</b>	<b>7,955.34</b>
<b>Tax expense:</b>			
Current tax	43	1,649.06	1,361.39
Deferred tax charge/(credit)	43	(452.77)	(11.27)
Minimum alternate tax credit entitlement (MAT)	43	(640.95)	(1,050.12)
		<b>555.34</b>	<b>300.00</b>
<b>Profit for the year</b>		<b>6,983.53</b>	<b>7,655.34</b>
<b>Items of other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss			
- Remeasurements of defined benefit liability, net of tax		0.81	0.16
<b>Total comprehensive income attributable to Unitholders for the year</b>		<b>6,984.34</b>	<b>7,655.50</b>
<b>Earnings per unit</b>	44		
Basic, attributable to the Unitholders of the Trust		8.52	9.92
Diluted, attributable to the Unitholders of the Trust		8.52	9.92

## Significant accounting policies

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The accompanying notes referred to above are an integral part of these Consolidated Financial Statements.

As per our report of even date attached

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**

Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of

**Embassy Office Parks Management Services Private Limited**

(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**

Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**

Director

DIN: 00544890

Place: Boston

Date: April 29, 2021



# Consolidated Statement of Cashflow

(all amounts in ₹ million unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash flow from operating activities</b>		
<b>Profit before share of profit of equity accounted investees and tax</b>	<b>6,544.39</b>	<b>6,786.01</b>
<b>Adjustments:</b>		
<b>Non-cash and other adjustments</b>		
Depreciation expense	4,940.15	5,120.00
Amortisation expense	766.82	161.24
Impairment loss recognised	988.96	1,775.98
Assets no longer required, written off	1.16	11.16
Loss of sale of fixed assets	61.89	-
Allowance for credit loss	20.83	0.85
Liabilities no longer required written back	(4.68)	(13.29)
Profit on sale of mutual funds	(154.11)	(359.96)
Finance costs	6,452.89	3,803.54
Interest income	(871.21)	(451.04)
Fair value loss/(gain) on investment measured at FVTPL	3.00	6.71
<b>Operating profits before working capital changes</b>	<b>18,750.09</b>	<b>16,841.20</b>
<b>Working capital adjustments</b>		
- Inventories	2.02	(7.40)
- Trade receivables	(167.57)	126.60
- Loans and other financial assets (current and non-current)	(229.51)	731.70
- Other assets (current and non-current)	134.17	52.94
- Trade payables	177.28	(153.83)
- Other financial liabilities (current and non-current)	(216.60)	977.70
- Other liabilities and provisions (current and non-current)	811.60	(183.01)
<b>Cash generated from operating activities before taxes</b>	<b>19,261.48</b>	<b>18,385.90</b>
Taxes (paid)/ refunds received (net)	(556.54)	(1,429.28)
<b>Cash generated from operating activities</b>	<b>18,704.94</b>	<b>16,956.62</b>
<b>Cash flow from investing activities</b>		
(Investments)/ redemption of deposits with banks (net)	552.31	2,760.20
(Investments)/ redemption in mutual funds (net)	11,700.32	(9,251.09)
Investment in debentures	-	(2,500.00)
Repayment of investment in debentures	724.38	1,775.62
Payment for purchase of Investment Property, Property, Plant and Equipment and Intangibles including Capital Work-in-progress and Investment Property under Development	(7,677.69)	(11,839.41)
Payment for acquisition of ETV business	(32,804.45)	-
Payment for acquisition of CAM business in EOPPL and MPPL	(4,730.21)	-
Payment for acquisition of business	-	(3,450.00)
Dividend received	915.00	535.00
Interest received	907.03	485.66
<b>Net cash flow used in investing activities</b>	<b>(30,413.31)</b>	<b>(21,484.02)</b>

# Consolidated Statement of Cashflow

(all amounts in ₹ million unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash flow from financing activities</b>		
Interest paid	(3,698.75)	(1,562.48)
Repayments of borrowings	(40,451.82)	(73,462.66)
Proceeds from borrowings, (net of issue expenses)	44,303.50	48,947.26
Proceeds from issue of units	36,852.02	-
Transaction costs related to issue of units	(834.93)	(2,378.63)
Cash used in distribution to Unitholders (including taxes on account of distribution by SPVs)	(18,370.92)	(13,526.72)
Payment of lease liabilities	(28.70)	(20.37)
Security deposits received	1.00	30.00
<b>Net cash (used in) / generated from financing activities</b>	<b>17,771.40</b>	<b>(41,973.60)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>6,063.03</b>	<b>(46,501.00)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,111.75</b>	<b>49,612.75</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>9,174.78</b>	<b>3,111.75</b>
Components of cash and cash equivalents (refer note 18A and 29)		
Cash in hand	0.69	1.12
Balances with banks		
- in current accounts	9,068.79	3,225.16
- in escrow accounts	105.30	2.88
- in fixed deposits	-	20.00
Bank overdraft	-	(137.41)
	<b>9,174.78</b>	<b>3,111.75</b>

## Significant accounting policies (refer note 2)

The Trust has issued 64,893,000 units through preferential allotment in exchange for acquisition of 40% stake in VTPL during the year ended March 31, 2021. The same has not been reflected in Consolidated Statement of Cash Flows since it was a non-cash transaction.

The accompanying notes referred to above are an integral part of these Consolidated Financial Statements.

As per our report of even date attached

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**

Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of

**Embassy Office Parks Management Services Private Limited**

(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**

Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**

Director

DIN: 00544890

Place: Boston

Date: April 29, 2021

# Consolidated Statement of Changes in Unitholders' Equity

(all amounts in ₹ million unless otherwise stated)

## A. Unit Capital

Particulars	No. in Million	Amount
<b>Balance as at April 1, 2019</b>	<b>771.67</b>	<b>229,039.26</b>
Add: Reversal of issue expenses no more payable	-	81.70
<b>Balance as at March 31, 2020</b>	<b>771.67</b>	<b>229,120.96</b>
<b>Balance as at April 1, 2020</b>	<b>771.67</b>	<b>229,120.96</b>
Units issued during the year (refer note 21)	176.23	59,999.35
Less: issue expenses (refer note 21)	-	(858.20)
<b>Balance as at March 31, 2021</b>	<b>947.90</b>	<b>288,262.11</b>

## B. Other equity

Particulars	Retained Earnings
<b>Balance as on April 1, 2019</b>	<b>(94.47)</b>
Add: Profit for the year ended March 31, 2020	7,655.34
Add: Other Comprehensive Income for the year ended March 31, 2020	0.16
Less: Distribution to Unitholders during the year ended March 31, 2020*	(13,504.15)
<b>Balance as at March 31, 2020</b>	<b>(5,943.12)</b>
<b>Balance as at April 1, 2020</b>	<b>(5,943.12)</b>
Add: Profit for the year ended March 31, 2021	6,983.53
Add: Other Comprehensive Income for the year ended March 31, 2021	0.81
Less: Distribution to Unitholders during the year ended March 31, 2021*^	(18,372.66)
<b>Balance as at March 31, 2021</b>	<b>(17,331.44)</b>

\* The distributions made by Trust to its Unitholders are based on the Net Distributable Cash flows (NDCF) of Embassy Office Parks REIT under the REIT Regulations which includes repayment of debt by SPVs to Embassy REIT.

^ The distribution for years ended March 31, 2021 and March 31, 2020 does not include the distribution relating to the last quarters, for the year ended March 31, 2021 (which will be paid subsequently) and year ended March 31, 2020 (which was paid subsequently), respectively.

As per our report of even date attached

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**

Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of

**Embassy Office Parks Management Services Private Limited**

(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**

Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**

Director

DIN: 00544890

Place: Boston

Date: April 29, 2021

# Disclosure pursuant to SEBI circular No. CIR/IMD/DF/146/2016

(all amounts in ₹ million unless otherwise stated)

## A) Statement of Net Assets at fair value

S. No	Particulars	Unit of measurement	As at March 31, 2021		As at March 31, 2020	
			Book value	Fair value	Book value	Fair value
A	Assets	₹ in millions	450,843.56	547,870.38	334,902.33	401,354.66
B	Liabilities	₹ in millions	179,912.89	180,520.80	111,724.49	112,254.26
C	Net Assets (A-B)	₹ in millions	<b>270,930.67</b>	<b>367,349.58</b>	<b>223,177.84</b>	<b>289,100.40</b>
D	No. of units	Numbers	947,893,743	947,893,743	771,665,343	771,665,343
E	NAV (C/D)	₹	<b>285.82</b>	<b>387.54</b>	<b>289.22</b>	<b>374.64</b>

Notes:

### 1) Measurement of fair values

The fair value of investment property, investment property under development (including capital advances), property, plant and equipment (relating to the hotel property in UPPL and QBPL, and the solar power plant in EEPL); capital work-in-progress (relating to the proposed hotel to be developed in MPPL and ETV); intangibles and the investment in GLSP as at March 31, 2021 and March 31, 2020 has been determined by iVAS Partners, independent external property valuers appointed under Regulation 21 of REIT regulations, having appropriately recognised professional qualifications and recent experience in the location and category of the properties being valued in conjunction with value assessment services undertaken by CBRE.

#### Valuation technique

The fair value measurement for all the investment property, investment property under development, property plant and equipment, intangibles and capital work-in-progress has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

The valuers have followed a Discounted Cash Flow method. The valuation model considers the present value of net cash flows to be generated from the respective properties, taking into account the expected rental growth rate, vacancy period, occupancy rate, average room rent, lease incentive costs and blended tariff rates. The expected net cash flows are discounted using the risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

Given the COVID-19 related uncertainties, the independent valuers have, as a precautionary measure, referenced material valuation uncertainty in arriving at their valuation as at March 31, 2021 and March 31, 2020.

### 2) Property wise break up of Fair value of Assets as at March 31, 2021 is as follows:

Particulars	Fair value of investment property, investment property under development, property, plant and equipment and capital work-in-progress, intangibles *	Other assets at book value (***) (Note i)	Total assets	Total liabilities to be considered (Note ii)	Asset wise NAV	Book value of assets
<b>100% owned assets</b>						
MPPL	177,919.67	2,603.26	180,522.93	17,834.79	162,688.14	127,895.25
EPTPL (refer note 60)	22,826.71	683.03	23,509.74	1,558.85	21,950.89	20,945.88
UPPL	3,995.09	95.81	4,090.90	511.71	3,579.19	4,373.13
EEPL	9,302.43	209.30	9,511.73	233.26	9,278.47	9,497.45
GSPL	9,028.07	93.46	9,121.53	407.84	8,713.69	5,991.18
ETPL	13,889.21	747.96	14,637.17	445.50	14,191.67	10,691.63
OBPPL	23,693.70	278.31	23,972.01	1,490.32	22,481.69	15,173.26
QBPL	10,413.56	210.21	10,623.77	230.24	10,393.53	8,952.98

# Disclosure pursuant to SEBI circular No. CIR/IMD/DF/146/2016

(all amounts in ₹ million unless otherwise stated)

Particulars	Fair value of investment property, investment property under development, property, plant and equipment and capital work-in-progress, intangibles *	Other assets at book value (***) (Note i)	Total assets	Total liabilities to be considered (Note ii)	Asset wise NAV	Book value of assets
QBPL	24,540.65	1,820.61	26,361.26	574.77	25,786.49	22,001.73
VCPPL	16,913.95	157.30	17,071.25	621.69	16,449.56	12,961.31
IENMPL	18,402.62	137.83	18,540.45	959.47	17,580.98	14,418.34
ETV Assets	107,073.00	5,316.67	112,389.67	20,466.09	91,923.58	102,762.99
Trust	-	71,059.86	71,059.86	135,186.27	(64,126.41)	71,059.86
<b>Total</b>	<b>437,998.66</b>	<b>83,413.61</b>	<b>521,412.27</b>	<b>180,520.80</b>	<b>340,891.47</b>	<b>426,724.99</b>
Investment in GLSP **	26,458.11	-	26,458.11	-	26,458.11	24,118.57
	<b>464,456.77</b>	<b>83,413.61</b>	<b>547,870.38</b>	<b>180,520.80</b>	<b>367,349.58</b>	<b>450,843.56</b>

## Property wise break up of Fair value of Assets as at March 31, 2020 is as follows:

Particulars	Fair value of investment property, investment property under development, property, plant and equipment and capital work-in-progress, intangibles *	Other assets at book value (***) (Note i)	Total assets	Total liabilities to be considered (Note ii)	Asset wise NAV	Book value of assets
<i>100% owned assets</i>						
MPPL	153,906.00	1,843.65	155,749.65	17,124.79	138,624.86	120,534.72
EOPPL	21,032.00	793.58	21,825.58	1,477.83	20,347.75	19,871.20
UPPL	4,436.00	234.28	4,670.28	698.92	3,971.36	4,952.51
EEPL	10,289.00	7,692.82	17,981.82	7,646.18	10,335.64	17,047.79
GSPL	8,695.60	171.71	8,867.31	390.26	8,477.05	6,156.07
ETPL	13,911.00	278.71	14,189.71	406.46	13,783.25	10,442.18
OBPPL	21,416.00	1,071.11	22,487.11	4,947.58	17,539.53	15,634.42
QBPPL	10,085.00	258.29	10,343.29	280.74	10,062.55	9,091.54
QBPL	26,408.00	2,153.75	28,561.75	751.29	27,810.46	22,783.48
VCPPL	16,624.00	236.10	16,860.10	740.97	16,119.13	13,128.86
IENMPL	17,866.00	234.98	18,100.98	956.27	17,144.71	14,528.77
EPTPL	-	0.07	0.07	-	0.07	0.07
Trust	-	56,639.36	56,639.36	76,832.97	(20,193.61)	56,639.36
<b>Total</b>	<b>304,668.60</b>	<b>71,608.41</b>	<b>376,277.01</b>	<b>112,254.26</b>	<b>264,022.75</b>	<b>310,810.97</b>
Investment in GLSP **	25,077.65	-	25,077.65	-	25,077.65	24,091.36
	<b>329,746.25</b>	<b>71,608.41</b>	<b>401,354.66</b>	<b>112,254.26</b>	<b>289,100.40</b>	<b>334,902.33</b>

\* Fair values of investment property, investment property under development, property, plant and equipment, intangibles capital work in progress and investment in GLSP as at March 31, 2021 and March 31, 2020 as disclosed above are solely based on the fair valuation report of iVAS Partners, independent external property valuers appointed under Regulation 21 of REIT regulations, having appropriately recognised professional qualifications and recent experience in the location and category of the properties being valued in conjunction with value assessment services undertaken by CBRE. For the purpose of fair valuation of assets, the Embassy Office Parks Group has fair valued its investment property, investment property under development (including capital advances), property, plant and equipment (relating to the hotel property in UPPL and QBPL, and the solar power plant in EEPL); capital work-in-progress (relating to the proposed hotel to be developed in MPPL and ETV); intangibles and the investment in GLSP.

# Disclosure pursuant to SEBI circular No. CIR/IMD/DF/146/2016

(all amounts in ₹ million unless otherwise stated)

\*\* Fair value of equity investments in GLSP has been done based on equity valuation method proportionate to stake held in GLSP.

\*\*\* Other assets at book value include Goodwill of ₹ 63,946.24 million on book value basis (net off impairment loss, refer note 6). The Goodwill of ₹ 63,946.24 million (March 31, 2020: ₹ 50,289.37 million) mainly arises on account of requirement to value individual assets and liabilities acquired on business combination at fair values using an approach as more fully described in note 47 as well as the requirement to recognise deferred tax liability of ₹ 53,207.28 million (March 31, 2020: ₹ 38,783.20 million), calculated as a difference between the tax effect of the fair value of the acquired assets and liabilities and their tax bases.

## Note:

- i. Other assets includes cash and cash equivalents and other working capital balances which are not factored in the discounted cashflow method used in determining the fair value of investment property, investment property under development, property, plant and equipment, capital work-in-progress and intangibles.
- ii. Total liabilities includes all liabilities except lease liability.

As per our report of even date attached

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**

Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of

**Embassy Office Parks Management Services Private Limited**

(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**

Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**

Director

DIN: 00544890

Place: Boston

Date: April 29, 2021



# Disclosure pursuant to SEBI circular No. CIR/IMD/DF/146/2016

(all amounts in ₹ million unless otherwise stated)

## B) Statement of Total Returns at Fair value

S. No	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A	Total comprehensive income	6,984.34	7,655.50
B	Add : Changes in fair value not recognised in total comprehensive income (refer notes below)	14,968.85	3,961.80
<b>C (A+B)</b>	<b>Total Return</b>	<b>21,953.19</b>	<b>11,617.30</b>

### Notes:

- In the above statement, changes in fair value for the year ended March 31, 2021 and March 31, 2020 has been computed based on the difference in fair values of investment property, investment property under development, property, plant and equipment (relating to the hotel property in UPPL and QBPL, and the solar power plant in EEPL); capital work-in-progress (relating to the proposed hotel to be developed in MPPL and ETV); intangibles and investment in GLSP as at March 31, 2021 as compared with the values as at March 31, 2020, net of cash spent on construction during the period. The fair values of the aforementioned assets as at March 31, 2021 and March 31, 2020 are solely based on the valuation report of iVAS Partners, independent external property valuers appointed under Regulation 21 of REIT regulations, having appropriately recognised professional qualifications and recent experience in the location and category of the properties being valued in conjunction with value assessment services undertaken by CBRE.
- ETV assets were acquired on December 24, 2020 and accordingly the statement of total returns at fair value does not include any difference in fair values of Investment Property, Investment property under development, Property, Plant and Equipment, Capital Work-in-progress and intangibles for ETV assets.

As per our report of even date attached

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**

Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of

**Embassy Office Parks Management Services Private Limited**

(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**

Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**

Director

DIN: 00544890

Place: Boston

Date: April 29, 2021

# Disclosure pursuant to SEBI circular No. CIR/IMD/DF/146/2016

(all amounts in ₹ million unless otherwise stated)

## Net Distributable Cash Flows (NDCF) pursuant to guidance under Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

### (i) Embassy Office Parks REIT - Standalone

Sl No	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Cash flows received from SPVs and investment entity in the form of:		
	• Interest	7,077.90	7,823.93
	• Dividends (net of applicable taxes)	2,781.76	289.97
	• Repayment of Shareholder Debt	9,740.49	11,012.23
	• Proceeds from buy-backs/ capital reduction (net of applicable taxes)	-	-
2	Add: Proceeds from sale of investments, assets or sale of shares of SPVs adjusted for the following:		
	• Applicable capital gains and other taxes	-	-
	• Related debts settled or due to be settled from sale proceeds	-	-
	• Directly attributable transaction costs	-	-
	• Proceeds reinvested or planned to be reinvested as per Regulation 18(16)(d) of the REIT Regulations	-	-
3	Add: Proceeds from sale of investments, assets or sale of shares of SPVs not distributed pursuant to an earlier plan to re-invest as per Regulation 18(16)(d) of the REIT Regulations, if such proceeds are not intended to be invested subsequently	-	-
4	Add: Any other income of the Trust and not captured herein	89.70	167.05
5	Less: Any other expense accruing at the Trust level and not captured herein	(93.56)	(23.40)
6	Less: Any fees, including but not limited to:		
	• Trustee fees	(2.95)	(2.96)
	• REIT Management Fees	(212.23)	(214.81)
	• Valuer fees	(8.45)	(9.74)
	• Legal and professional fees	(64.53)	(102.89)
	• Trademark license fees	(1.42)	(1.42)
	• Secondment fees	(1.42)	(1.42)
7	Less: Debt servicing		
	• Interest on external debt	(914.44)	-
	• Repayment of external debt	-	-
8	Less: Income tax (net of refund) and other taxes paid (as applicable)	(34.65)	(70.62)
	<b>Net Distributable Cash Flows</b>	<b>18,356.20</b>	<b>18,865.92</b>

#### Notes:

- The Board of Directors of the Manager to the Trust, in their meeting held on April 29, 2021, have declared distribution to Unitholders of ₹ 5.60 per unit which aggregates to ₹ 5,308.20 million for the quarter ended March 31, 2021. The distributions of ₹ 5.60 per unit comprises ₹ 1.24 per unit in the form of interest payment, ₹ 2.21 per unit in the form of dividend and the balance ₹ 2.15 per unit in the form of amortization of SPV debt. Along with distribution of ₹ 13,055.89 million/ ₹ 15.88 per unit for the period ended December 31, 2020, the cumulative distribution for the year ended March 31, 2021 aggregates to ₹ 18,364.09 million/ ₹ 21.48 per unit.
- Repayment of short-term construction debt given to SPVs and interest accrued but not due on borrowings as at the year end are not considered for the purpose of distributions.
- Repayment of external debt, to the extent it is by way of refinancing, is not considered for the purpose of computation of NDCF.

As per our report of even date attached

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**

Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of

**Embassy Office Parks Management Services Private Limited**

(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**

Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**

Director

DIN: 00544890

Place: Boston

Date: April 29, 2021

# Additional disclosures as required by Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

(all amounts in ₹ million unless otherwise stated)

## Net Distributable Cash Flows (NDCF) pursuant to guidance under Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

### (ii) Calculation of net distributable cash flows at each Asset SPV and Hold Co

#### For the year ended March 31, 2021 pursuant to guidance under Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

Sl No	Particulars	EOPPL**	MPPL	EEPL	UPPL	ETPL	GSPL	INMPL	OBPPL	QBPL	QBPPL	VCPPPL	EPTPL**	VTPL	EOVPL	SIPL	Total
1	<b>Profit/(loss) after tax as per statement of profit and loss (standalone) (A)</b>	<b>662.70</b>	<b>3,738.25</b>	<b>(20.07)</b>	<b>(417.47)</b>	<b>437.67</b>	<b>165.52</b>	<b>423.64</b>	<b>(64.43)</b>	<b>(1,701.99)</b>	<b>274.38</b>	<b>223.65</b>	<b>-</b>	<b>(197.66)</b>	<b>(285.02)</b>	<b>54.63</b>	<b>3,293.80</b>
Adjustment:																	
2	Add/(Less): Non-cash adjustments and taxes, including but not limited to:																
	• Depreciation, amortisation and impairment	435.89	1,850.58	351.75	226.36	201.49	89.17	247.19	278.10	930.94	57.42	150.30	-	297.52	230.00	-	5,346.71
	• Assets written off or liabilities written back	22.18	(21.88)	-	-	5.83	2.73	(4.34)	3.61	3.10	1.80	1.09	-	(5.30)	-	-	8.82
	• Current tax charge as per statement of profit and loss	209.33	754.85	-	(1.82)	190.95	104.24	130.80	1.37	-	53.07	76.87	-	91.59	-	-	1,611.25
	• Deferred tax	108.98	372.34	3.15	(149.32)	(14.12)	1.03	14.65	(7.11)	(250.70)	29.65	(30.36)	-	198.86	-	(82.90)	194.15
	• MAT adjustments as per statement of profit and loss	(55.73)	(440.29)	-	-	-	-	-	-	-	(53.34)	-	-	(91.59)	-	-	(640.95)
	• Ind AS adjustments not considered in any other item above	19.94	(131.67)	-	-	44.65	11.80	(69.20)	(35.12)	0.78	(17.41)	104.02	-	217.32	-	(23.30)	121.81
3	Add: Interest on shareholders debt charged to statement of profit and loss	520.21	3,211.78	750.33	215.74	32.18	268.39	409.30	681.52	1,538.29	345.24	554.38	-	610.03	-	22.25	9,159.64
4	Add/(Less): Loss/(gain) on sale of investments, assets or shares of SPVs or Investment Entity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Add: Proceeds from sale of investments, assets or sale of shares of SPVs or Investment Entity adjusted for the following																
	• Related debts settled or due to be settled from sale proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	• Directly attributable transaction costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	• Proceeds reinvested or planned to be reinvested as per Regulation 18(16)(d) of the REIT Regulations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Add: Proceeds from sale of investments, assets or sale of shares of SPVs or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(16)(d) of the REIT Regulations, if such proceeds are not intended to be invested subsequently.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Add/(Less): Other adjustments, including but not limited to net changes in security deposits, working capital, etc.	(32.98)	(103.95)	19.22	(26.21)	(26.82)	19.30	23.63	94.66	(288.46)	(17.01)	(66.03)	0.01	320.28	69.06	315.02	299.72

# Additional disclosures as required by Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

(all amounts in ₹ million unless otherwise stated)

Sl No	Particulars	EOPPL**	MPPL	EEPL	UPPL	ETPL	GSPL	IENMPL	OBPPL	QBPL	QBPPL	VCPPPL	EPTPL**	VTPL	EOVPL	SIPL	Total
8	Less: Maintenance capex not charged in the statement of profit and loss, to the extent not funded by debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Less: External debt principal repayment *	-	(24.08)	(60.25)	-	-	-	-	(21.20)	-	-	-	-	(27.21)	-	-	(132.74)
10	Add: Cash flow received from SPV and Investment Entity towards (applicable for Holdco only, to the extent not covered above):																
	• Repayment of the debt in case of investments by way of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	• Proceeds from buy-backs/ capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Less: Income tax (net of refund) and other taxes paid (as applicable)	(113.16)	(477.92)	4.77	(2.29)	(106.00)	(109.19)	(72.05)	74.09	86.64	(52.01)	26.96	-	221.40	(3.38)	0.24	(521.90)
	<b>Total Adjustments (B)</b>	<b>1,114.66</b>	<b>4,989.76</b>	<b>1,068.97</b>	<b>262.46</b>	<b>328.16</b>	<b>387.47</b>	<b>679.98</b>	<b>1,069.92</b>	<b>2,020.59</b>	<b>347.41</b>	<b>817.23</b>	<b>0.01</b>	<b>1,832.90</b>	<b>295.68</b>	<b>231.31</b>	<b>15,446.51</b>
	<b>Net distributable Cash Flows C = (A+B)</b>	<b>1,777.36</b>	<b>8,728.01</b>	<b>1,048.90</b>	<b>(155.01)</b>	<b>765.83</b>	<b>552.99</b>	<b>1,103.62</b>	<b>1,005.49</b>	<b>318.60</b>	<b>621.79</b>	<b>1,040.88</b>	<b>0.01</b>	<b>1,635.24</b>	<b>10.66</b>	<b>285.94</b>	<b>18,740.31</b>

\* Repayment of borrowings at SPV level out of Initial Public Offering and Non-convertible debenture proceeds have not been considered for NDCF computation. Further, repayment of short-term construction debt given to SPVs and interest accrued but not due on borrowings as at the year end are not considered for the purpose of distributions. Repayment of external debt, to the extent it is by way of refinancing, is not considered for the purpose of computation of NDCF.

\*\* EOPPL filed a composite scheme of arrangement (the "Scheme") pursuant to which EOPPL has demerged its commercial office business to EPTPL and merged the remaining business with MPPL. The effective date for the Scheme is March 10, 2021. For the purpose of NDCF disclosure, management has presented the entire NDCF pertaining to demerged undertaking upto March 31, 2021 under EOPPL.

- Interest on external debt paid and capitalised to development work in progress, to the extent funded by debt, are not considered for NDCF computation.
- Distribution of up to 90% of the above NDCF is required as per the REIT Regulations subject to compliance with the requirements of Companies Act, 2013.

As per our report of even date attached

for **S R Batliboi & Associates LLP**  
Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**  
Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of  
**Embassy Office Parks Management Services Private Limited**  
(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**  
Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**  
Director

DIN: 00544890

Place: Boston

Date: April 29, 2021

# Additional disclosures as required by Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

(all amounts in ₹ million unless otherwise stated)

## Net Distributable Cash Flows (NDCF) pursuant to guidance under Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

### (ii) Calculation of net distributable cash flows at each Asset SPV and Hold Co

#### For the year ended 31 March 2020 pursuant to guidance under Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

Sl No	Particulars	EOPPL	MPPL	EEPL	UPPL	ETPL	GSPL	INMPL	OBPPL	QBPL	QBPPL	VCPPPL	EPTPL	VTPL	EOVPL	SIPL	Total
1	<b>Profit/(loss) after tax as per statement of profit and loss (standalone) (A)</b>	<b>758.86</b>	<b>3,375.36</b>	<b>44.27</b>	<b>(151.15)</b>	<b>462.44</b>	<b>124.74</b>	<b>200.83</b>	<b>153.83</b>	<b>(2,101.31)</b>	<b>239.58</b>	<b>181.64</b>	-	-	-	-	<b>3,289.09</b>
	Adjustment:																
2	Add/(Less): Non-cash adjustments and taxes, including but not limited to:																
	• Depreciation, amortisation and impairment	354.71	1,390.13	345.24	231.93	201.05	87.74	451.53	222.31	1,596.55	57.29	147.21	-	-	-	-	5,085.69
	• Assets written off or liabilities written back	6.35	(6.43)	-	(2.91)	-	-	(0.39)	(2.72)	-	-	-	-	-	-	-	(6.10)
	• Current tax charge as per statement of profit and loss	122.95	661.16	9.95	2.36	122.52	89.72	147.63	43.49	-	47.32	20.29	-	-	-	-	1,267.39
	• Deferred tax	103.42	484.73	15.26	(44.30)	33.98	(3.48)	6.52	83.02	(218.17)	20.54	65.03	-	-	-	-	546.55
	• MAT adjustments as per statement of profit and loss	(109.25)	(781.68)	(9.95)	-	(116.07)	-	-	(43.49)	48.11	(37.79)	-	-	-	-	-	(1,050.12)
	• Ind AS adjustments not considered in any other item above	(89.45)	32.82	(1.28)	-	(40.30)	15.25	(31.95)	14.82	6.05	10.73	(134.66)	-	-	-	-	(217.97)
3	Add: Interest on shareholders debt charged to statement of profit and loss	685.73	2,420.32	284.09	220.76	66.13	305.21	414.38	483.41	1,506.86	383.46	582.17	-	-	-	-	7,352.52
4	Add/(Less): Loss/(gain) on sale of investments, assets or shares of SPVs or Investment Entity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Add: Proceeds from sale of investments, assets or sale of shares of SPVs or Investment Entity adjusted for the following																
	• Related debts settled or due to be settled from sale proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	• Directly attributable transaction costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	• Proceeds reinvested or planned to be reinvested as per Regulation 18(16)(d) of the REIT Regulations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Add: Proceeds from sale of investments, assets or sale of shares of SPVs or Investment Entity not distributed pursuant to an earlier plan to re-invest as per Regulation 18(16)(d) of the REIT Regulations, if such proceeds are not intended to be invested subsequently.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Add/(Less): Other adjustments, including but not limited to net changes in security deposits, working capital, etc.	665.19	1,246.17	120.12	40.51	181.36	61.26	(112.37)	108.70	175.69	15.67	(29.24)	-	-	-	-	2,473.06

# Additional disclosures as required by Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

(all amounts in ₹ million unless otherwise stated)

Sl No	Particulars	EOPPL	MPPL	EEPL	UPPL	ETPL	GSPL	IENMPL	OBPPL	QBPL	QBPPL	VCPPPL	EPTPL	VTPL	EOVPL	SIPL	Total
8	Less: Maintenance capex not charged in the statement of profit and loss, to the extent not funded by debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Less: External debt principal repayment *	-	(271.51)	(93.48)	-	-	-	-	(50.90)	-	-	-	-	-	-	-	(415.89)
10	Add: Cash flow received from SPV and Investment Entity towards (applicable for Holdco only, to the extent not covered above):																
	• Repayment of the debt in case of investments by way of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	• Proceeds from buy-backs/ capital reduction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Less: Income tax (net of refund) and other taxes paid (as applicable)	(126.99)	(610.55)	(21.58)	(7.38)	(102.51)	(84.09)	(136.03)	(82.16)	(132.69)	(53.20)	(24.09)	-	-	-	-	(1,381.27)
	<b>Total Adjustments (B)</b>	<b>1,612.66</b>	<b>4,565.16</b>	<b>648.37</b>	<b>440.97</b>	<b>346.16</b>	<b>471.61</b>	<b>739.32</b>	<b>776.48</b>	<b>2,982.39</b>	<b>444.02</b>	<b>626.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,653.85</b>
	<b>Net distributable Cash Flows C = (A+B)</b>	<b>2,371.52</b>	<b>7,940.52</b>	<b>692.64</b>	<b>289.82</b>	<b>808.60</b>	<b>596.35</b>	<b>940.15</b>	<b>930.31</b>	<b>881.08</b>	<b>683.60</b>	<b>808.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,942.95</b>

\* Repayment of borrowings at SPV level out of Initial Public Offering and Non-convertible debenture proceeds have not been considered for NDCF computation. Further, repayment of short-term construction debt given to SPVs and interest accrued but not due on borrowings as at the year end are not considered for the purpose of distributions. Repayment of external debt, to the extent it is by way of refinancing, is not considered for the purpose of computation of NDCF.

- Interest on external debt paid and capitalised to development work in progress, to the extent funded by debt, are not considered for NDCF computation.

- Distribution of up to 90% of the above NDCF is required as per the REIT Regulations subject to compliance with the requirements of Companies Act, 2013.

As per our report of even date attached

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**

Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of

**Embassy Office Parks Management Services Private Limited**

(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**

Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**

Director

DIN: 00544890

Place: Boston

Date: April 29, 2021



# Notes

to the Consolidated Financial Statements

## 1. Organisation structure

The Consolidated Financial Statements comprise financial statements of Embassy Office Parks REIT (the 'Trust' or the 'Embassy REIT' or the 'REIT'), its subsidiaries namely Embassy Office Parks Private Limited ('EOPPL'), Manyata Promoters Private Limited ('MPPL'), Umbel Properties Private Limited ('UPPL'), Embassy Energy Private Limited ('EEPL'), Galaxy Square Private Limited ('GSPL'), Quadron Business Park Private Limited ('QBPL'), Qubix Business Park Private Limited ('QBPL'), Oxygen Business Park Private Limited ('OBPL'), Earnest Towers Private Limited ('ETPL'), Vikhroli Corporate Park Private Limited ('VCPPL'), Indian Express Newspapers (Mumbai) Private Limited ('IENMPL'), Embassy Pune Techzone Private Limited ('EPTPL'), Vikas Telecom Private Limited ('VTPL'), Embassy Office Ventures Private Limited ('EOVPL') and Sarla Infrastructure Private Limited ('SIPL') (individually referred to as 'Special Purpose Vehicle' or 'SPV' and together referred to as 'Embassy Office Parks Group') and a Joint Venture namely Golflinks Software Park Private Limited ('GLSP') (also referred to as the Investment Entity). The SPVs are Companies domiciled in India.

The objectives of Embassy REIT are to undertake activities in accordance with the provisions of the SEBI REIT Regulations and the Trust Deed. The principal activity of Embassy REIT is to own and invest in rent or income generating real estate and related assets in India with the objective of producing stable and sustainable distributions to Unitholders.

Embassy Property Developments Private Limited ('EPDPL') and BRE/Mauritius Investments ('BMI') (collectively known as the 'Sponsors' or the

'Co-Sponsors') have set up the Embassy Office Parks REIT as an irrevocable trust, pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882 and the Trust has been registered with SEBI as a Real Estate Investment Trust on August 3, 2017 under Regulation 6 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014. The Trustee to Embassy Office Parks REIT is Axis Trustee Services Limited (the 'Trustee') and the Manager for Embassy Office Parks REIT is Embassy Office Parks Management Services Private Limited (the 'Manager' or 'EOPMSPL').

Embassy Office Parks REIT acquired the following SPVs by acquiring all the equity interest held by the Embassy Sponsor, Blackstone Sponsor, Blackstone Sponsor Group and certain other shareholders on March 22, 2019. In exchange for these equity interests, the above shareholders have been allotted 613,332,143 Units of Embassy Office Parks REIT valued at ₹ 300 each. These Units were subsequently listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on April 1, 2019.

The Trust went public as per its plan for Initial Public Offer (IPO) of Units after obtaining the required approvals from the relevant authorities. The Units were allotted to the applicants on March 27, 2019 and were subsequently listed on the BSE and NSE on April 1, 2019.

Accordingly, the equity interest in each of the following SPVs (directly or indirectly, through their holding companies) have been transferred from the respective shareholders to the Trust.

# Notes

to the Consolidated Financial Statements

## Details of the SPVs is provided below:

Name of the SPV	Activities	Shareholding (in percentage)
EOPPL	Development and leasing of office space and related interiors and maintenance of such assets (Embassy Tech Zone), located at Pune along with being an intermediate Embassy Office Parks holding company (Hold Co.) (upto March 10, 2021, refer note 60) for the Embassy Office Parks Group.	Embassy Office Parks REIT : Nil (100% upto March 10, 2021, refer note 60)
MPPL	Development and leasing of office space and related interiors and maintenance of such assets (Embassy Manyata), located at Bangalore along with being an intermediate (Hold Co.) (from March 10, 2021, refer note 60) for the Embassy Office Parks Group.	EOPPL: Nil from March 10, 2021 (March 31, 2020: 35.77%) Embassy Office Parks REIT : 100% from March 10, 2021 (March 31, 2020 : 64.23%) (refer note 60)
UPPL	Development, rental and maintenance of serviced residences (Hilton hotel).	Embassy Office Parks REIT : 100%
EEPL	Generation and supply of solar power mainly to the office spaces of Embassy Office Parks Group located in Bangalore.	EOPPL: 80% (upto March 10, 2021 refer note 60) MPPL: 80% (from March 10, 2021 refer note 60) Embassy Office Parks REIT : 20%
GSPL	Development and leasing of office space and related interiors and maintenance of such assets (Embassy Galaxy), located in Noida.	Embassy Office Parks REIT : 100%
QBPL	Development and leasing of office space and related interiors and maintenance of such assets (Quadron Business Park), located in Pune and (Embassy one) located in Bangalore. Development, rental and maintenance of serviced residences (Hotel Four Seasons at Embassy One), located in Bangalore.	Embassy Office Parks REIT : 100%
QBPPL	Development and leasing of office space and related interiors and maintenance of such assets (Embassy Qubix), located in Pune.	Embassy Office Parks REIT : 100%
OBPPL	Development and leasing of office space and related interiors and maintenance of such assets (Embassy Oxygen), located in Noida.	Embassy Office Parks REIT : 100%
ETPL	Development and leasing of office space and related interiors and maintenance of such assets (First International Financial Centre), located in Mumbai.	Embassy Office Parks REIT : 100%
VCPL	Development and leasing of office space and related interiors and maintenance of such assets (Embassy 247), located in Mumbai.	Embassy Office Parks REIT : 100%
IENMPL	Development and leasing of office space and related interiors and maintenance of such assets (Express Towers), located in Mumbai.	Embassy Office Parks REIT : 100%

The Trust, further has incorporated/ acquired subsidiaries post IPO. Accordingly EPTPL has been incorporated on December 6, 2019 by the Trust and equity interest in EOPL, VTPL and SIPL (SPVs incorporated in India) (directly or indirectly, acquired post IPO through their holding companies) have been transferred from the respective shareholders to the Trust [refer note 47B]:-

## Details of SPVs are provided below:

Name of the SPV	Activities	Shareholding (in percentage)
EPTPL	Development and leasing of office space and related interiors and maintenance of such assets (Embassy Tech Zone), located at Pune (from March 10, 2021) (refer note 60)	EOPPL: Nil from March 10, 2021 (March 31, 2020: 100%) Embassy Office Parks REIT : 100% from March 10, 2021 (refer note 60)
EOPL*	Hold Co of VTPL and Common area maintenance services of Embassy Tech Village (ETV), located in Bangalore.	Embassy Office Parks REIT : 100%
VTPL*	Development and leasing of commercial space and related interiors and maintenance of such assets (ETV), located in Bangalore.	EOPL : 60%
SIPL*	Development and leasing of commercial space and related interiors and maintenance of such assets (ETV Block 9), located in Bangalore.	Embassy Office Parks REIT : 40%

\* together known as Embassy Tech Village assets (ETV assets).

# Notes

to the Consolidated Financial Statements

The Trust also holds economic interest in a joint venture (Golflinks Software Park Private Limited (GLSP), entity incorporated in India) through a SPV as detailed below.

Name of the SPV	Activities	Shareholding (in percentage)
GLSP	Development and leasing of office space and related interiors (Embassy Golflinks Business Park), located at Bangalore.	EOPPL: 50% (upto March 10, 2021, refer note 60) MPPL: 50% (from March 10, 2021, refer note 60) Kelachandra Holdings LLP (50%)

## 2. Significant accounting policies

### 2.1 Basis of preparation of consolidated financial statements

The Consolidated Financial Statements of the Embassy Office Parks Group comprises the Consolidated Balance Sheet and the Consolidated Statement of Net Assets at fair value as at March 31, 2021, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Statement of Cash Flow, the Consolidated Statement of Changes in Unitholders' Equity, the Statement of Net Distributable Cashflows of Embassy REIT and each of the SPVs, the Consolidated Statement of Total Returns at fair value and a summary of significant accounting policies and other explanatory information for the year ended March 31, 2021. The Consolidated Financial Statements were approved for issue in accordance with resolution passed by the Board of Directors of the Manager on behalf of the Trust on April 29, 2021. The Consolidated Financial Statements have been prepared in accordance with the requirements of SEBI (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time ("REIT Regulations") read with SEBI Circular No. CIR/IMD/DF/146/2016 dated December 29, 2016 ("SEBI Circular"); Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 ('Ind AS'), read with relevant rules issued thereunder and other accounting principles generally accepted in India, to the extent not inconsistent with SEBI Circular.

The Consolidated Financial Statements are presented in Indian Rupees in Millions, except when otherwise indicated.

#### Statement of compliance to Ind-AS

These Consolidated Financial Statements for the year ended March 31, 2021 are the financial statements of the Embassy Office Parks Group and have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the

Companies Act, 2013 ('Ind AS'), to the extent not inconsistent with REIT regulations.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all the SPVs and the Trust used for the purpose of consolidation are drawn up to the same reporting date i.e. year ended March 31, 2021.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of VTPL, EOVP and SIPL used for the purpose of consolidation are drawn up to the same reporting date i.e. year ended on March 31, 2021. ETV assets were acquired on December 24, 2020 by the Embassy REIT. The ETV assets have been consolidated from December 31, 2020, a date close to the acquisition date, as there are no significant transactions or events that have occurred between December 24, 2020 and December 31, 2020 and the effect thereof is not considered to be material to Consolidated Financial Statements as at March 31, 2021.

#### Basis of Consolidation

##### (i) Subsidiaries

The Embassy Office Parks Group consolidates entities which it owns or controls. The Consolidated Financial Statements comprise the financial statements of the Embassy Office Parks REIT and its subsidiary SPVs as disclosed in Note 1. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

# Notes

## to the Consolidated Financial Statements

The procedure for preparing Consolidated Financial Statements of the Embassy Office Parks Group are stated below:

- a) The Consolidated Financial Statements have been prepared using the principles of consolidation as per Ind AS 110 – Consolidated Financial Statements, to the extent applicable.
- b) Goodwill is recognised in the Consolidated Financial Statements at the excess of cost of investment over share of fair value of net assets acquired on the date of acquisition.
- c) The Consolidated financial statements of the Embassy Office Parks Group are consolidated on a line-by-line basis and intragroup balances and transactions for assets and liabilities, equity, income, expenses and cash flows between entities of the Embassy Office Parks Group are eliminated in full upon consolidation.
- d) Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the equity attributable to shareholders of the Company. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

### (ii) Interests in joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting as described below.

Under the equity method of accounting, the investments are initially recognised at cost on the date of acquisition and adjusted thereafter to recognize the Embassy Office Parks Group's share of the post-acquisition profits or losses of the investee in profit and loss,

and Embassy Office Parks Group's share of other comprehensive income of the investee in other comprehensive income.

Goodwill is calculated at excess of cost of investment over share of fair value of net assets acquired on the date of acquisition and is disclosed as an additional information in the Notes to the Consolidated Financial Statements.

Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When Embassy Office Parks Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, Embassy Office Parks Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between Embassy Office Parks Group and joint ventures are eliminated to the extent of Embassy Office Parks Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees are consistent with the policies adopted by the Embassy Office Parks Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the Embassy Office Parks Group's policy.

### Basis of Business Combination

The Embassy Office Parks Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the consolidated statement of profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

The Embassy Office Parks Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an

# Notes

to the Consolidated Financial Statements

organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs. When the Embassy Office Parks Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values and no goodwill or deferred tax is recognised.

Purchase consideration paid in excess of the fair value of net assets acquired is recognised as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss, except for changes in fair value which are measurement period adjustments, wherein the change is adjusted with the asset/liability recognised at the acquisition date with corresponding adjustment to goodwill. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates subsequent its settlement is accounted for within equity.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in Unitholders' equity.

## Changes in accounting policies and disclosures

### New and amended standards

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below. There were several new and amendments to standards and interpretations which are applicable for the first time for the year ended March 31, 2021, but either not relevant or do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### Amendments to Ind AS 103: Definition of a Business

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. The other key amendments include, adding an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business and narrowing the definitions of business and outputs by focusing on goods or services provided to customers and by removing the reference to an ability to reduce costs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

### Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provides a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or



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magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Several other amendments apply for the first time for the year ending March 31, 2021, but does not have an impact on the consolidated financial statements of the Group.

## 2.2 Significant accounting policies

### a) Functional and presentation currency

The Consolidated Financial Statements are presented in Indian Rupees, which is the Embassy Office Parks Group's functional currency and the currency of the primary economic environment in which the Embassy Office Parks Group operates. All financial information presented in Indian Rupees has been rounded off to nearest million except unit and per unit data.

### b) Basis of measurement

The Consolidated Financial Statements are prepared on the historical cost basis, except for the following:

- Certain financial assets and liabilities (refer accounting policy regarding financial instrument): measured at fair values;
- Net defined benefit (asset)/ liability less present value of defined obligations: Fair value of plan assets less present value of defined benefit plan;
- The assets and liabilities of the SPVs on the date of acquisition have been accounted using their Fair value and the goodwill / capital reserve amount has been calculated accordingly; and
- Contingent consideration: measured at fair value.

### c) Use of judgments and estimates

The preparation of Consolidated Financial Statements in conformity with generally accepted accounting principles in India (Ind AS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements is included in the following notes:

#### i) Business combinations

The Embassy Office Parks Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which substantive processes are acquired and, in particular, the extent of services provided by the subsidiary.

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Estimating the acquisition date fair value of the identifiable assets acquired, useful life thereof and liabilities assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the management. Changes in these judgments, estimates and assumptions can materially affect the results of operations.

#### ii) Impairment of goodwill and intangible assets with infinite useful life

For the purpose of impairment testing, goodwill and intangible assets with infinite useful life acquired in a business combination is, from the acquisition date, allocated to each of the Embassy Office Parks Group's cash-generating units that are expected to benefit from the combination. In performing such impairment assessments, management compared the carrying value of each of the identifiable cash generating units ("CGUs") to which goodwill and such intangible assets had been allocated with their respective 'value in use' computed based on discounted cash flow



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method, to determine if any impairment loss should be recognized. The discounted cash flow method involves estimating future cash flows, growth rates and discount rates which require significant management judgement - Note 2.2 (j)

- iii) Classification of lease arrangements as finance lease or operating lease - Note 2.2 (r)
- iv) Classification of assets as investment property or as property, plant and equipment - Notes 2.2 (f) and (g)
- v) Significant judgement involved in the purchase price allocation of the assets acquired and liabilities assumed on account of Business Combination and deferred tax accounting on the resultant fair value accounting- Note on Basis of Business Combination and Note 2.2 (v) (ii)
- vi) Judgements in preparing Consolidated Financial Statements - Note 2.1
- vii) Classification of Unitholders' funds - Note 21 (a) (i)

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment during year ended March 31, 2021 is included in the following notes:

- i) Fair valuation and disclosures and impairment of non-financial assets being investment properties and property plant and equipment - The fair value of investment properties and property, plant and equipment are reviewed regularly by management with reference to independent property valuations and market conditions existing at half yearly basis. The independent valuers are independent appraisers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued. Judgment is also applied in determining the extent and frequency of independent appraisals. SEBI Circulars issued under the REIT Regulations require disclosures relating to net assets at fair value and total returns at fair value (Refer Statement of net assets at fair value and Statement of total returns at fair value for details).

Refer note 2.2 (j) as regards estimates and assumptions involved in impairment assessment of non-financial assets being investment properties and property plant and equipment.

- ii) Useful lives of Investment Property and Property, Plant and Equipment-Notes 2.2(f) and (g)
- iii) Valuation of financial instruments - Note 2.2 (l)
- iv) Recognition of deferred tax asset on carried forward losses and recognition of minimum alternate tax credit: availability of future taxable profit against which tax losses carried forward can be used- Note 2.2(v)(ii). Further, significant judgements are involved in determining the provision for income taxes, including recognition of minimum alternate tax credit, in SPVs entitled for tax deduction under Section 80IAB of the Income Tax Act, 1961, wherein the tax deduction is dependent upon necessary details available for exempt and non-exempt income.
- v) Uncertainty relating to the global health pandemic on COVID-19: The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on revenue recognition, the carrying amounts of goodwill, investment property (including under development), property, plant and equipment, capital work in progress, equity accounted investee, intangible assets and receivables. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including reports from International Property Consultants and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Group, and have compared the actual performance with the projections and expects the carrying amount of these assets as reflected in the balance sheet as at March 31, 2021 will be recovered. The management has also estimated the future cash flows with the possible effects that may result from the

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COVID-19 pandemic and does not foresee any adverse impact on realising its assets and in meeting its liabilities as and when they fall due. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

## d) Current versus non-current classification

The Embassy Office Parks Group presents assets and liabilities in the Consolidated Balance Sheet based on current/ non-current classification:

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Embassy Office Parks Group classifies all other liabilities as non-current.

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

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

## e) Measurement of fair values

A number of the Embassy Office Parks Group accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Embassy Office Parks Group. 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 Embassy Office Parks Group 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.

The Embassy Office Parks Group has an established control framework with respect to the measurement of fair values. The Embassy Office Parks Group engages with external valuers for measurement of fair values in the absence of quoted prices in active markets.

While measuring the fair value of an asset or liability, the Embassy Office Parks Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows-

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Embassy Office Parks Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair

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value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Embassy Office Parks Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## f) Investment property

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Embassy Office Parks Group and the cost of the item can be measured reliably. The cost of the assets not ready for their intended use before such date, are disclosed as investment property under development. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of such replaced position is derecognised.

Investment properties are depreciated on straight-line method over their estimated useful lives. However, where the management's estimate of the remaining useful life of the assets on a review subsequent to the time of acquisition is different, then depreciation is provided over the remaining useful life based on the revised useful life. The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

Pursuant to this policy, Management's estimates of useful life of the following major assets under straight-line method are as follows:

Asset category	Estimated useful life (in years)
Buildings	60 years
Plant and Machinery	15 years
Furniture and Fixtures	12 years
Electrical Equipment	15 years
Leasehold land*	30 - 99 years based on the primary lease period

Pro-rata depreciation is provided on properties purchased or sold during the year.

**\*Upfront premium paid under lease-cum-sale agreements to acquire land where the Embassy Office Parks Group has an option to purchase the land at the end of/ during the lease term are not amortised over the lease period.**

Investment property acquired on Business Combination is depreciated over the remaining useful life from the date of acquisition as certified by the technical valuer.

Investment properties are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Note: Plant and machinery, furniture and fixtures and electrical equipment which are physically attached to the building are considered as part of the investment property.

## g) Property, plant and equipment and intangible assets

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation. The cost of property, plant and equipment includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets. The cost of such assets not ready for their intended use are disclosed as capital work-in-progress.

Intangible assets are recorded at their acquisition cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Depreciation is provided on the straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment and intangibles as follows:

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Asset category	Estimated useful life (in years)
Buildings	60 years
Plant and Machinery	15 years
Furniture and Fixtures	12 years
Electrical Equipment	15 years
Office Equipment	5 years
Computers	3 years
Computer Software	3 years
Operating Supplies	2-5 years
Vehicles	8 years

Upfront premium paid under lease-cum-sale agreements to acquire land where the Embassy Office Parks Group has an option to purchase the land at the end of/ during the lease term are not amortised over the lease period.

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

Right to use trademark: The earnings potential of trade name/ trademark can at times be substantial. A trademark is recognized on a reporting company's balance sheet as an intangible asset separate from goodwill because it satisfies either of the following two tests:

- It arises from legal rights (a trademark is essentially a bundle of rights)
- It is capable of being sold, transferred, and licensed separately from other assets of the acquiring company

The recognition of an acquired trademark is performed as part of a purchase price allocation, whereby a portion of the price paid by the acquirer for all of the acquired assets is assigned to the trademark using an acceptable valuation methodology.

The life of the Right to use trademark is considered indefinite because there is no foreseeable limit nor any specific covenant that limits the time period over which the asset is expected to generate net cash inflows for the SPVs.

Intangible assets comprising of Right to use trademark with indefinite useful lives are not amortised, but are tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Power purchase agreement is one of the essential contracts required for a small power generating company with limited production capacity and marketability. Since sales with the customer take the form of a contract, the power purchase agreement meets the contractual criteria for recognition. This agreement provides ongoing and repeat business for the company and provides a platform for the company to reach profitability.

The initial useful life of the power purchase agreements is estimated to be 25 years based on the contract period and hence 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 and adjusted prospectively.

CAM service rights are contract-based intangible assets, which represent the value of contractual rights that arise from contractual arrangements. An entity establishes relationships with its customers through certain contracts, these customer relationships arise from contractual rights. CAM service rights are recognised at their fair value as at the date of acquisition, these are subsequently amortised on a straight-line basis, over their estimated contractual lives.

Property, plant and equipment and Intangibles acquired on Business Combination, except right-to-use trademark, is depreciated over the remaining useful life from the date of acquisition as certified by the technical valuer.

When parts of an item of plant and equipment have different useful lives, they are treated as separate components and depreciated over their respective estimated useful lives.

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

Pro-rata depreciation is provided on all property, plant and equipment and intangible assets purchased or sold during the year.

Property, plant and equipment are subsequently measured at cost net of accumulated depreciation and accumulated impairment losses, if any.

An item of property, plant and equipment and any significant part initially recognised is derecognised

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upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

## h) Non-current assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the Consolidated Statement of Profit and Loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

## i) Inventory

### Stores and operating supplies

Inventories which comprises food and beverages and operating supplies are valued at lower of cost or net realisable value. Cost of inventories comprises purchase price, costs of conversion and other incidental costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to sell.

## j) Impairment of non-financial assets

The Embassy Office Parks Group assesses, at each reporting date, whether there is an indication that a non-financial asset other than inventories and deferred tax assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Embassy Office Parks Group estimates the asset's recoverable amount.

An impairment loss is recognised in the Consolidated Statement of Profit and Loss if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable unit. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to

reduce the carrying amounts of the other assets of the CGU on a pro-rata basis. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the Consolidated Statement of Profit and Loss, unless it reverses previous revaluation credited to equity, in which case it is charged to equity.

Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from the synergies of the combination. Goodwill is tested for impairment on an annual basis and more often, if there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets, such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

## k) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Embassy Office Parks Group's entities at the exchange rates at the dates of the transactions.



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Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences arising on foreign exchange transactions settled and from translations during the year are recognised in the Consolidated Statement of Profit and Loss of the year except exchange differences arising from the translation of the items which are recognised in OCI.

## I) Financial instruments

### ii) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Embassy Office Parks Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### ii) Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt instrument;
- Fair value through other comprehensive income (FVOCI) – equity instrument; or
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Embassy Office Parks Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Embassy Office Parks Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Embassy Office Parks Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets: Business model assessment

The Embassy Office Parks Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial



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assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Embassy Office Parks Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Embassy Office Parks Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets:* Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time

and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Embassy Office Parks Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Embassy Office Parks Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Embassy Office Parks Group's claim to cash flows from specified assets (e.g. non – recourse features)

A prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit and loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit and loss.

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## Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

### iii) Derecognition Financial assets

The Embassy Office Parks Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Embassy Office Parks Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Embassy Office Parks Group enters into transactions whereby it transfers assets recognised in its Consolidated Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### Financial liabilities

The Embassy Office Parks Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Embassy Office Parks Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit and loss.

### iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated Balance Sheet only when the Embassy Office Parks

Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### m) Compound financial instruments

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not measured subsequently.

Interest related to the financial liability is recognised in profit and loss (unless it qualifies for inclusion in cost of asset). In case of conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

### n) Rental support

Rental supports that are an integral part of an acquisition transaction is treated as a deduction in the acquisition cost of such investment property. Where, the right to receive the rental support is spread over a period of time, the right to receive the rental support is reduced from the acquisition cost and is recognised as a financial asset at fair value and subsequently measured at amortised cost based on effective interest rate method.

### o) Impairment of financial assets

#### Financial assets

The Embassy Office Parks Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVTOCI- debt investments

At each reporting date, the Embassy Office Parks Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a

# Notes

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detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or
- a breach of contract such as a default or being past due for 180 days or more; or
- the restructuring of a loan or advance by the Embassy Office Parks Group on terms that in the material assessment of the Embassy Office Parks Group it would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties

The Embassy Office Parks Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Embassy Office Parks Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Embassy Office Parks Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Embassy Office Parks Group's historical experience and informed credit assessment and including forward-looking information.

The Embassy Office Parks Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Embassy Office Parks Group considers a financial asset to be default when:

- the borrower is unlikely to pay its credit obligations to the Embassy Office Parks Group in full, without recourse by the Embassy Office Parks Group to actions such as realising security (if any is held); or
- the financial asset is 180 days or more past due without any security

Measurement of expected credit losses: Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Embassy Office Parks Group and the cash flows that the Embassy Office Parks Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet: Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is charged to profit and loss account and is recognised in OCI.

Write-off: The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Embassy Office Parks Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Embassy Office Parks Group's procedures for recovery of amounts due.

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Majority of the financial assets of the Embassy Office Parks Group pertain to trade and other receivables. Considering the nature of business, the Embassy Office Parks Group does not foresee any credit risk on its trade and other receivables which may cause an impairment. As per the agreement with tenants, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the Embassy Office Parks Group does not have any past history of significant impairment of trade and other receivables.

## p) Embedded derivatives

When the Embassy Office Parks Group becomes a party to a hybrid contract with a host that is not an asset within the scope of Ind AS 109 Financial Instruments, it identifies whether there is an embedded derivative. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

## q) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

When guarantees in relation to debt or other payables of subsidiaries or associates are provided for with no compensation, the fair values are accounted as contributions and recognised as part of the cost of investment.

## r) Leases

### Embassy Office Parks Group as a lessee

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Embassy Office Parks Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease

commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate applicable to the entity within the Embassy Office Parks Group. Generally, the Embassy Office Parks Group uses its incremental borrowing rate as the discount rate. For leases with reasonably similar characteristics, the Embassy Office Parks Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

The Embassy Office Parks Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Embassy Office Parks Group recognises any remaining amount of the re-measurement in profit and loss.

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

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## Embassy Office Parks Group as a lessor

- i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for other elements on the basis of their relative fair values.

- ii. Assets held under leases

Leases in which the Embassy Office Parks Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term. The lease term is the non-cancellable period together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Embassy Office Parks Group is reasonably certain that the tenant will exercise that option. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Embassy Office Parks Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Embassy Office Parks Group's net investment in the leases.

- iii. Initial direct costs

Initial direct costs such as brokerage expenses incurred specifically to earn revenues from an operating lease are capitalised to the carrying amount of leased asset and recognised over the lease term on the same basis as rental income.

## s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is recognised when recovery of the consideration is probable and the amount of revenue can be measured reliably.

- i) Rental income from investment properties

Rental income from property leased under operating lease is recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. The lease term is the non-cancellable period together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Embassy Office Parks Group is reasonably certain that the tenant will exercise that option. Contingent rents are recognised as revenue in the period in which they are earned on a receipt basis.

- ii) Income from finance lease

For assets let out under finance lease, the Group recognises a receivable at an amount equal to the net investment in the lease. Rentals received are accounted for as repayment of principal and finance income. Minimum lease payments receivable on finance leases are apportioned between the finance income and the reduction of the outstanding receivable. The finance income allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining net investment in the finance lease. Contingent rents are recorded as income in the periods in which they are earned.

- iii) Revenue from Room Rentals

Revenue from room rentals are based on the occupancy charged on the basis of room rates which are contracted (exclusive of applicable taxes).

- iv) Revenue from contract with customers

- a) Revenue from maintenance services is recognised as and when the services are rendered based on the terms of the contracts with the lessees.

## b) Revenue from Food, beverages and banquets

Revenue from food and beverages are recorded as and when food is served. Revenue generated from the banquet services offered are charged on the basis of cover charges per person which is billed (exclusive of applicable taxes) based on guaranteed covers if actual cover is less than contracted.

## c) Other operating income

Other operating income, including service charges on rooms and Food & Beverage



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(F&B) revenues and other hospitality-related operating income is recognised when the services are rendered and the same become chargeable. Revenue from other services is recognised on accrual basis as per the terms of the agreement.

## v) Recognition of dividend and interest income

Dividend income is recognised in profit and loss on the date on which the Embassy Office Parks Group's right to receive payment is established.

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

## t) Employee benefits

### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Embassy Office Parks Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit and loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Embassy Office Parks Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that

amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Embassy Office Parks Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Embassy Office Parks Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Embassy Office Parks Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### Compensated absences

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Embassy Office Parks Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Assets or liabilities related to employee benefit arrangements acquired on Business Combination are recognised and measured in accordance with Ind AS 19 Employee Benefits.



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## u) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

Capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average borrowing costs (WABC). Capitalisation of borrowing costs is suspended during the extended period in which active development is interrupted. Capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

## v) Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Profit and Loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

### (i) Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period/year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### (ii) Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- Temporary differences arising on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- Temporary differences related to investments in subsidiaries, associates, and joint arrangements to the extent that the Embassy Office Parks Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on initial recognition of goodwill.

Deferred income tax asset are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Embassy Office Parks Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Embassy Office Parks Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Tax impact of timing difference which arise during the tax holiday period are recognised only to the extent of those differences which are reversed after the tax holiday period.

Deferred tax assets or liabilities acquired on Business Combination are recognised and measured in accordance with Ind AS 12 Income taxes.

Minimum Alternative Tax ('MAT') under the provisions of the Income Tax, 1961 is recognised as current tax in the Consolidated Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Embassy Office Parks Group will pay normal income tax during the period for which MAT credit can be carried forward for set-off against normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### w) Provisions and contingencies

The Embassy Office Parks Group recognises a provision when there is a present obligation (legal or constructive) as a result of a past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

If the effect of the time value of money is material, provisions are discounted.

### x) Operating segments

An operating segment is a component of the Embassy Office Parks Group that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by a representative of the Embassy Office Parks Group, the Embassy Office Parks Group's Chief Operating Decision Maker ('CODM'), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Net Operating Income ('NOI') is the key metric reported to the CODM for the purposes of assessment of the segment results. The same is defined as follows:

#### - Commercial Offices segment:

NOI for commercial offices is defined as Revenue from operations (which includes (i) facility rentals, (ii) maintenance services income, (iii) income from finance lease, and (iv) other operating income for Commercial Offices) less Direct operating expenses (which includes (i) Operating and maintenance expenses including common area maintenance expenses (ii) property taxes, (iii) rent, and (iv) insurance).

#### - Hospitality segment:

NOI for hospitality segment is defined as Revenue from operations (which includes (i) room rentals, (ii) sale of food and beverages, (iii) other operating income for hospitality less Direct operating expenses (which includes (i) cost of materials consumed, (ii) employee benefits expenses, (iii) Operating and maintenance expenses excluding property management fees, and (iv) Other expenses).

#### - Other segment:

NOI for other segments is defined as Revenue from operations (which includes income from generation of renewable energy) less Direct operating expenses (which includes (i) Operating and maintenance and (ii) Other expenses).

Certain income (such as interest, dividend and other income) and certain expenses (such as Other expenses excluding Direct operating expenses, depreciation, amortization, impairment and finance cost) are not specifically allocable to segments and accordingly these expenses are adjusted against the total income of the Embassy Office Parks Group.

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## y) Errors and estimates

The Embassy Office Parks Group revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the Consolidated Financial Statements. Changes in accounting policies are applied retrospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to profit or loss is applied prospectively in the period(s) of change. Discovery of errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

## z) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Balance Sheet comprises of cash at banks and on hand, deposits held at call with bank or financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## aa) Distribution Policy:

Under the provisions of the REIT Regulations, Embassy Office Parks REIT is required to distribute to the Unitholders not less than ninety percent of the net distributable cash flows ('NDCF') of Embassy Office Parks REIT and the current policy of the Manager is to comply with such requirement. The NDCF is calculated in accordance with the REIT Regulations and in the manner provided in the NDCF framework defined by the Manager.

In terms of the REIT Regulations and NDCF framework which prescribes for the minimum amount of NDCF to be distributed to Embassy Office Parks REIT:

- not less than 90% of the NDCF of the SPVs are required to be distributed to the Embassy Office Parks REIT, in proportion to its shareholding in the SPV, subject to applicable provisions of the Companies Act, 2013.
- 100% of the cash flows received by the Holding Company from the underlying SPVs are required to be distributed to the Embassy Office Parks REIT, and not less than 90% of the NDCF generated by the Holding Company on its own

shall be distributed to the Embassy Office Parks REIT, subject to applicable provisions of the Companies Act, 2013.

- The aforesaid net distributable cash flows are made available to Embassy Office Parks REIT in the form of (i) Interest paid on Shareholder Debt provided by Embassy Office Parks REIT to the SPVs/Holding Company, (ii) Principal repayment of Shareholder Debt, (iii) Dividend declared by the SPVs/Holding Company and received by Embassy Office Parks REIT and (iv) Proceeds from sale of any Embassy REIT assets.

Since Embassy Office Parks REIT endeavours to quarterly distributions, any shortfall as regards minimum quarterly distribution by the SPVs and Holding Company to Embassy Office Parks REIT, post interest paid on Shareholder Debt, Interim Dividend payments and Principal repayment of Shareholder Debt, would be done by declaring dividend, to the extent permitted under the Companies Act, 2013. Repayment of short-term construction debt given to SPVs are not considered for the purpose of distributions.

## ab) Cash distribution to Unitholders

The Group recognises a liability to make cash distributions to Unitholders when the distribution is authorised and a legal obligation has been created. As per the REIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Manager. A corresponding amount is recognised directly in equity.

## ac) Consolidated Statement of Cash flows

Consolidated Cash flows are reported using the indirect method, whereby Profit/ (loss) before share of profit of equity accounted investees and tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Embassy Office Parks Group are segregated.

For the purpose of the Consolidated Statement of Cash Flow, 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 Embassy Office Parks Group's cash management.

## ad) Earnings per unit

The basic earnings per unit is computed by dividing the net profit/ (loss) attributable to the Unitholders of the Trust by the weighted average

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number of units outstanding during the reporting period. The number of units used in computing diluted earnings/ (loss) per unit comprises the weighted average units considered for deriving basic earnings/ (loss) per unit and also the weighted average number of units which could have been issued on the conversion of all dilutive potential units.

Dilutive potential units are deemed converted as of the beginning of the reporting date, unless they have been issued at a later date. In computing diluted earnings per unit, only potential equity units that are dilutive and which either reduces earnings per share or increase loss per units are included.

## ae) Earnings before finance costs, depreciation, amortisation, impairment loss and tax

The Embassy Office Parks Group has elected to present earnings before finance cost, depreciation, amortisation, impairment loss and tax as a separate line item on the face of the Consolidated Statement of Profit and Loss. The Embassy Office

Parks Group measures earnings before finance cost, depreciation, amortisation, impairment loss and tax excluding share of profit of equity accounted investees on the basis of profit/ (loss) from continuing operations. In its measurement, the Embassy Office Parks Group does not include depreciation and amortisation expense, impairment loss, finance costs, share of profit of equity accounted investees and tax expense.

## af) Statement of net assets at fair value

The disclosure of Statement of Net Assets at Fair value comprises of the fair values of the properties held by Asset SPVs and the HoldCo as well as book values of the total liabilities and other assets of all SPVs consolidated. The fair value of the property held by Asset SPVs and HoldCo are reviewed semi-annually by the independent property valuer taking into consideration market conditions existing at the reporting date, and other generally accepted market practices. The independent valuer is leading independent appraiser with a recognised and relevant professional qualification and experience.

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(all amounts in ₹ million unless otherwise stated)

## 3. Property, plant and equipment Reconciliation of carrying amounts for the year ended March 31, 2021

Particulars	Land- freehold (refer note ii)	Buildings	Plant and machinery	Furniture and fixtures	Electrical equipment	Office equipment	Computers	Operating supplies	Vehicles	Total
<b>Gross block (cost or deemed cost)</b>										
As at April 1, 2019	6,087.66	7,057.90	7,137.51	485.32	448.83	17.26	11.51	11.62	37.89	21,295.50
Additions for the year	452.41	9.98	4.77	0.72	0.11	1.20	6.38	0.02	2.52	478.11
Deletion	-	-	-	(0.06)	-	-	-	(0.81)	-	(0.87)
As at March 31, 2020	6,540.07	7,067.88	7,142.28	485.98	448.94	18.46	17.89	10.83	40.41	21,772.74
As at April 1, 2020	6,540.07	7,067.88	7,142.28	485.98	448.94	18.46	17.89	10.83	40.41	21,772.74
Additions due to business combination*	2,110.78	-	-	-	-	0.50	2.37	-	4.90	2,118.55
Additions for the year (refer note ii)	213.30	-	221.59	0.23	8.96	0.62	0.11	-	-	444.81
Reclassifications	(18.15)	-	18.15	-	-	-	-	-	-	-
As at March 31, 2021	8,846.00	7,067.88	7,382.02	486.21	457.90	19.58	20.37	10.83	45.31	24,336.10
<b>Accumulated depreciation and impairment</b>										
As at April 1, 2019	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	129.88	403.48	79.09	57.38	11.08	10.96	10.83	4.98	707.68
Impairment loss (refer note iii)	84.00	235.36	27.34	5.38	12.35	0.25	0.01	-	1.44	366.13
As at March 31, 2020	84.00	365.24	430.82	84.47	69.73	11.33	10.97	10.83	6.42	1,073.81
As at April 1, 2020	84.00	365.24	430.82	84.47	69.73	11.33	10.97	10.83	6.42	1,073.81
Charge for the year	-	125.92	436.47	78.32	26.96	1.73	0.85	-	4.64	674.89
Impairment loss (refer note iii)	72.94	339.36	59.23	20.55	24.26	2.08	0.46	-	1.17	520.05
At March 31, 2021	156.94	830.52	926.52	183.34	120.95	15.14	12.28	10.83	12.23	2,268.75
<b>Carrying amount (net)</b>										
As at March 31, 2020	6,456.07	6,702.64	6,711.46	401.51	379.21	7.13	6.92	-	33.99	20,698.93
As at March 31, 2021	8,689.06	6,237.36	6,455.50	302.87	336.95	4.44	8.09	-	33.08	22,067.35

\*Above assets have been acquired as part of business combination. Refer note 2.1 Basis for consolidation and note 47.

### Notes:

- Post acquisition of the SPVs, the Embassy Office Parks Group has revisited the useful life of the property, plant and equipment and aligned the same across the Embassy Office Parks Group. The Embassy Office Parks Group has also aligned its method of depreciation to straight-line method across its SPVs.
- The solar plant has been constructed on 465.77 acres of land, the title for 254.47 acres is registered in name of the group and balance 211.30 acres is in the process of registration and is scheduled to be completion by September 30, 2021. During the current year ₹ 213.30 million is capitalised towards land costs and other related expenses pertaining to registration of 211.30 acres and subsequent to March 31, 2021, the Group has registered 110.25 acres of the 211.30 acres
- Refer note 6 for disclosure on impairment.
- Accumulated Depreciation as at March 31, 2021 includes impairment loss of ₹ 886.18 million (March 31, 2020: ₹ 366.13 million).
- Refer Note 23 for information on charge created by the group on its property, plant and equipment.
- Refer Note 46 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

# Notes

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(all amounts in ₹ million unless otherwise stated)

## 4. Capital work-in-progress

Particulars	As at March 31, 2021	As at March 31, 2020
MPPL-Hilton Hotel (Front Parcel)*	4,509.34	2,334.07
VTPL-Hilton Hotel**	230.13	-
	<b>4,739.47</b>	<b>2,334.07</b>

\*forms part of MPPL CGU

\*\*forms part of ETV assets CGU

### Note:

#### Borrowing cost capitalised

MPPL-Hilton Hotel (Front Parcel) and VTPL-Hilton Hotel are currently under development. The amount of borrowing cost capitalised during the year ended March 31, 2021 is ₹ 249.34 million (March 31, 2020: ₹ 183.28 million). The rate used to determine the amount of borrowing costs eligible for capitalisation at a capitalisation rate which is the SPV specific "Weighted Average Borrowing Cost (WABC)".

## 5. Investment property

### Reconciliation of carrying amounts for the year ended March 31, 2021

Particulars	Land-freehold	Land-leasehold (Refer notes)	Buildings	Plant and machinery	Furniture and fixtures	Electrical equipment	Office equipment	Vehicle	Computer	Total
<b>Gross block (cost or deemed cost)</b>										
As at April 1, 2019	63,847.70	38,361.49	75,824.71	8,224.86	1,315.90	1,922.06	44.33	5.23	2.69	189,548.97
Additions for the year	1,050.92	312.10	5,858.46	1,227.42	180.31	348.61	2.10	0.08	8.57	8,988.57
Disposals	-	-	-	(39.66)	(5.65)	-	(3.01)	-	(0.42)	(48.74)
Adjustments (refer note i and vi)	10,284.81	(10,446.41)	-	161.60	-	-	-	-	-	-
As at March 31, 2020	75,183.43	28,227.18	81,683.17	9,574.22	1,490.56	2,270.67	43.42	5.31	10.84	198,488.80
As at April 1, 2020	75,183.43	28,227.18	81,683.17	9,574.22	1,490.56	2,270.67	43.42	5.31	10.84	198,488.80
Additions due to business combination*	51,352.70	135.51	25,300.30	3,311.28	259.41	1,115.14	0.64	-	-	81,474.98
Additions for the year	33.10	7.95	800.75	230.42	59.74	52.42	19.68	-	1.16	1,205.22
Disposals	(21.74)	-	(23.25)	(19.93)	(50.68)	(13.23)	-	-	-	(128.83)
As at March 31, 2021	126,547.49	28,370.64	107,760.97	13,095.99	1,759.03	3,425.00	63.74	5.31	12.00	281,040.17

#### Accumulated depreciation and impairment

As at April 1, 2019	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	483.74	2,106.20	947.20	360.10	487.10	22.82	3.48	1.68	4,412.32
As at March 31, 2020	-	483.74	2,106.20	947.20	360.10	487.10	22.82	3.48	1.68	4,412.32
As at April 1, 2020	-	483.74	2,106.20	947.20	360.10	487.10	22.82	3.48	1.68	4,412.32
Charge for the year	-	360.92	2,239.82	1,086.54	240.15	331.07	4.76	0.55	1.45	4,265.26
Impairment loss (refer note xv)	12.80	-	15.78	2.83	0.03	0.25	0.01	0.01	-	31.71
Disposals	-	-	-	(2.71)	(8.89)	(3.28)	-	-	-	(14.88)
At March 31, 2021	12.80	844.66	4,361.80	2,033.86	591.39	815.14	27.59	4.04	3.13	8,694.41
<b>Carrying amount (net)</b>										
As at March 31, 2020	75,183.43	27,743.44	79,576.97	8,627.02	1,130.46	1,783.57	20.60	1.83	9.16	194,076.48
As at March 31, 2021	126,534.69	27,525.98	103,399.17	11,062.13	1,167.64	2,609.86	36.15	1.27	8.87	272,345.76

\*Above assets have been acquired as part of business combination. Refer note 2.1 Basis for consolidation and note 47.



# Notes

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- i. **MPPL:** During the previous year ended March 31, 2020, cost of freehold land of ₹ 161.60 million has been transferred to Karnataka Power Transmission Corporation Limited (KPTCL) along with the 220 KVA substation constructed at Embassy Manyata. Since these are enabling assets to the overall Park, the cost of land has been transferred to plant and machinery and being depreciated over the useful life of the substation.
- ii. **EOPPL:** The leasehold land for Embassy Techzone is taken from Maharashtra Industrial Development Corporation ('MIDC') on a lease for a period of 95 years. The lease expires in July 2100.
- iii. **OBPPL:** The leasehold land for Embassy Oxygen is taken from New Okhla Industrial Development Authority ('NOIDA') on lease for a lease period of 90 years. The lease expires in September 2097.
- iv. **ETPL:** The leasehold land for First International Financial Centre is taken from Mumbai Mahanagar Regional Development Authority ('MMRDA') on a lease for a period of 80 years. The lease expires in June 2088.
- v. **GSPL:** The leasehold land for Embassy Galaxy is taken from NOIDA on a lease for a period of 90 years. The lease expires in June 2095.
- vi. **IENMPL:** The leasehold land for Express Towers is taken from the Government of Maharashtra on a lease of 99 years (from 1963-64). The lease expires in August 2063. However, pursuant to the Maharashtra State notification in March 2019, IENMPL made an application to the office of the Collector, Mumbai City, seeking conversion of the land on which the building known as "Express Towers" stands, from occupancy class II land that is leasehold land into occupancy class I land, that is, freehold land, by a letter dated April 1, 2019. Pursuant to various orders passed by the office of the Collector, IENMPL has made an aggregate payment of ₹ 909.46 million towards regularization and conversion of the land. Subsequently, the Collector, Mumbai pursuant to its order dated August 23, 2019, after regularising the usage of the said Property, approved the conversion of such land from occupancy class II and leasehold land into occupancy class I land that is freehold land, under the Maharashtra Land Revenue (Conversion of Occupancy Class II and Leasehold Lands into Occupancy Class I Lands) Rules, 2019. Out of the aforementioned ₹ 909.46 million, a sum of ₹ 756.41 million had been capitalized as a part of land and the balance had been capitalized towards building during the previous year ended March 31, 2020. Further, an amount of ₹ 10,446.41 million, being the carrying cost of such land, has been reclassified from leasehold to freehold land during the previous year ended March 31, 2020.
- vii. **QBPL:** The leasehold land for Embassy Quadron is taken from MIDC for a lease term of 95 years. The lease expires in October 2100. As per the lease agreement the Company can renew the lease for a further period of 95 years.
- viii. **VTPL:** VTPL had earlier entered into lease-cum sale agreement for the land located in Embassy Tech Village with Karnataka Industrial Area Development Board (KIADB) for a period of 20 years commencing from June 16, 2006. As per the lease agreement KIADB shall sell the land to VTPL at any time during the tenure of the lease or on expiry of the lease period, if VTPL has performed all the conditions contained in the agreement and committed no breach thereof. VTPL had converted the leasehold land measuring 81.385 acres into a freehold land as per the sale deed entered with Karnataka Industrial Areas Development Board ('KIADB') on February 12, 2018. Further, 35 guntas leasehold land is yet to be registered and is classified as a leasehold land and no depreciation has been charged on the same.
- ix. Post acquisition of the SPVs, Group has revisited the useful life of the investment properties and aligned the same across the group. The Group has also aligned its method of depreciation to straight-line method across its SPVs.
- x. Investment property comprises of commercial buildings and other assets forming part of the buildings, that is leased to third parties. The license agreement entered into with tenants may or may not contain an initial non-cancellable period. Subsequent renewals of these license agreements are negotiated with the tenants and historically the average renewal period ranges between three and five years.
- xi. The investment property have been leased out to lessees / held for lease on operating lease basis.
- xii. The plant and machinery and furniture and fixtures are physically attached to the buildings and form an integral part thereof, hence they are considered as investment property.
- xiii. Additions to investment property and investment property under development include borrowing cost amounting to ₹ 184.43 million (March 31, 2020: ₹ 440.22 million) at a capitalisation rate which is the

# Notes

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(all amounts in ₹ million unless otherwise stated)

- SPV specific Weighted Average Borrowing Cost (WABC).
- xiv. In accordance with Ind AS 116- Leases, investment property includes Right-of-Use (ROU) asset of ₹ 301.38 million (March 31, 2020: ₹ 308.15 million) which is recorded under Land Leasehold. The corresponding lease liability amounting to ₹ 334.87 million (March 31, 2020: ₹ 322.93 million) is recorded under other financial liabilities.
- xv. Accumulated Depreciation as at March 31, 2021 includes impairment loss of ₹ 31.71 million (March 31, 2020: Nil).
- xvi. Refer note 6 for disclosure on impairment.
- xvi. Amount recognised in statement of profit and loss for investment properties:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rental income	21,823.48	18,709.58
Less: Direct operating expenses arising from investment property that generated rental income during the period	(1,760.36)	(1,372.51)
Less: Direct operating expenses arising from investment property that did not generate rental income during the period	(817.47)	(709.46)
Less: Depreciation and amortisation expense	(4,877.39)	(4,412.33)
<b>Profit arising from investment properties before indirect expenses</b>	<b>14,368.26</b>	<b>12,215.28</b>

- xvii. Refer Note 23 for information on charge created by the group on its investment property.
- xviii. Refer Note 46 for disclosure of contractual commitments for purchase, construction or development of investment property.
- xvix. Refer Note 53 for disclosure of assets acquired under lease.
- xx. **Fair value disclosures:**

Particulars	Amount
Fair value as at March 31, 2020	278,469.60
Fair value as at March 31, 2021	352,882.01

The fair value of investment property as at March 31, 2021 and March 31, 2020 has been determined by iVAS Partners, independent external property valuers appointed under Regulation 21 of

REIT regulations, having appropriately recognised professional qualifications and recent experience in the location and category of the properties being valued in conjunction with value assessment services undertaken by CBRE.

The fair value measurement for all of the investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. The valuers have followed a Discounted Cash Flow method. The valuation model considers the present value of net cash flows to be generated from the respective properties, taking into account the expected rental growth rate, vacancy period, occupancy rate and lease incentive costs. The expected net cash flows are discounted using the risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

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## 6. Goodwill (refer note 2.1 b, note 47B)

### As at March 31, 2021

SPV	Goodwill as at April 1, 2020	Consideration transferred for business combination during the year	Fair value of net assets of business combination during the year	Goodwill on acquisitions during the year	Impairment loss for the year	Net carrying value as at March 31, 2021
MPPL	11,016.16	-	-	-	-	11,016.16
EPTPL (refer note 60)	11,913.28	-	-	-	-	11,913.28
EEPL	267.84	-	-	-	-	267.84
UPPL	202.73	-	-	-	70.84	131.89
ETPL	2,899.23	-	-	-	-	2,899.23
GSPL	1,962.11	-	-	-	-	1,962.11
IENMPL	6,071.57	-	-	-	-	6,071.57
OBPPL	6,529.49	-	-	-	-	6,529.49
QBPPL	1,596.82	-	-	-	-	1,596.82
QBPL	3,565.02	-	-	-	366.36	3,198.66
VCPPL	4,265.12	-	-	-	-	4,265.12
ETV assets (refer note 47B)	-	57,565.47	43,471.40	14,094.07	-	14,094.07
<b>Total</b>	<b>50,289.37</b>	<b>57,565.47</b>	<b>43,471.40</b>	<b>14,094.07</b>	<b>437.20</b>	<b>63,946.24</b>

### As at March 31, 2020

SPV	Consideration transferred for business combination	Fair value of net assets	Goodwill on acquisition as at April 1, 2019	Impairment loss for the year	Net carrying value as at March 31, 2020
MPPL	48,790.52	37,774.36	11,016.16	-	11,016.16
EOPPL	62,768.25	50,854.97	11,913.28	-	11,913.28
EEPL	732.79	464.95	267.84	-	267.84
UPPL	2,841.67	2,151.80	689.87	487.14	202.73
ETPL	12,138.78	9,239.55	2,899.23	-	2,899.23
GSPL	4,662.50	2,700.39	1,962.11	-	1,962.11
IENMPL	13,210.97	7,139.40	6,071.57	-	6,071.57
OBPPL	12,308.89	5,779.40	6,529.49	-	6,529.49
QBPPL	5,595.08	3,998.26	1,596.82	-	1,596.82
QBPL	13,689.26	9,201.53	4,487.73	922.71	3,565.02
VCPPL	10,710.94	6,445.82	4,265.12	-	4,265.12
<b>Total</b>	<b>187,449.65</b>	<b>135,750.43</b>	<b>51,699.22</b>	<b>1,409.85</b>	<b>50,289.37</b>

### Impairment testing for goodwill

Goodwill acquired through business combinations has been allocated to the Cash Generating Units ('CGU') as below for impairment testing: (Each SPV has been considered to be an independent CGU except QBPL). Goodwill pertaining to QBPL has been further allocated to commercial CGU forming part of commercial segment and hotel CGU forming part of hospitality segment. Goodwill pertaining to ETV assets has been considered as a single CGU as all the ETV assets have a similar risk and return profile).

# Notes

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## As at March 31, 2021 and March 31, 2020

CGU	As at March 31, 2021			As at March 31, 2020		
	Carrying amount of the CGU prior to impairment *	Recoverable amount	Impairment Loss	Carrying amount of the CGU prior to impairment *	Recoverable amount	Impairment Loss
MPPL	131,978.44	189,313.22	-	100,935.07	138,624.85	-
EOPPL	17,475.97	21,950.89	-	40,521.30	45,425.40	-
EEPL	9,077.50	9,278.47	-	9,210.13	10,335.64	-
UPPL	3,644.40	3,573.56	70.84	4,458.50	3,971.36	487.14
ETPL	13,214.69	14,191.67	-	12,962.48	13,783.25	-
GSPL	6,703.68	8,713.69	-	6,955.55	8,477.05	-
IENMPL	16,626.87	17,580.98	-	16,721.28	17,144.71	-
OBPPL	19,034.16	22,481.69	-	16,260.58	17,539.53	-
QBPPL	8,589.42	10,393.53	-	8,648.52	10,062.55	-
QBPL - Embassy Quadron	12,425.62	14,090.00	-	11,893.29	15,239.23	-
QBPL - Embassy One	4,698.33	4,331.97	366.36	4,855.30	4,897.23	-
QBPL - Hotel	7,294.64	7,364.53	-	8,962.84	7,674.00	1,288.84
VCPPPL	15,482.80	16,449.56	-	15,533.12	16,119.13	-
ETV assets	81,935.45	91,923.58	-	-	-	-
<b>Total</b>	<b>348,181.97</b>	<b>431,637.34</b>	<b>437.20</b>	<b>257,917.96</b>	<b>309,293.93</b>	<b>1,775.98</b>

\* The carrying amount also includes carrying value of intangibles with indefinite useful life amounting to ₹ 3,641.88 million as at March 31, 2021 (March 31, 2020: ₹ 1,781.88 million). Accordingly, the disclosures given in this note also covers the impairment testing relating to intangibles with indefinite useful lives.

During the year, management has estimated the recoverable amount of the CGUs based on a valuation determined by iVAS Partners, independent external property valuers appointed under Regulation 21 of REIT regulations, having appropriately recognised professional qualifications and recent experience in the location and category of the properties being valued in conjunction with value assessment services undertaken by CBRE. The fair value measurement is a level 3 measurement on the fair value hierarchy. The valuation was done in accordance with discounted cash flow method.

As a result of the valuation, an impairment of ₹ 437.20 million (March 31, 2020: ₹ 1,409.85 million) is recognized in the Statement of Profit and Loss against Goodwill, an impairment of ₹ 520.05 million (March 31, 2020: ₹ 366.13 million) is recognized in the Statement of Profit and Loss against property, plant and equipment and an impairment of ₹ 31.71 million (March 31, 2020: ₹ Nil) is recognized in the Statement of Profit and Loss against investment property totalling to ₹ 988.96 million (March 31, 2020: ₹ 1,775.98 million) as impairment loss. Impairment charge majorly relates to the hospitality segment and more specifically UPPL (Hilton Hotel), and hospitality segment of QBPL (Four Seasons Hotel) as well as Embassy One (Commercial segment) forming part of QBPL. The impairment charge arose in these CGUs due to slower ramp up of room occupancy, slower than anticipated lease-up coupled with the current economic conditions due to Covid-19 pandemic. The annual impairment test performed considers the current economic conditions and revised business plans to determine the higher of the "value in use" and the "fair value less cost to sell" in accordance with Ind AS 36.

The financial projections basis which the future cash flows have been estimated consider the increase in economic uncertainties due to COVID-19, revisiting the key operating assumptions as well as growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis.

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The recoverable amount was based on value in use calculation and was determined at the level of the CGUs. These calculations use cash flow projections over a defined period. Discount rate is based on the Weighted Average Cost of Capital (WACC) of the entity. In determining value in use for the CGUs, the key assumptions used are as follows:

CGU	As at March 31, 2021			As at March 31, 2020		
	Discount rate - completed projects	Discount rate - under construction projects	Capitalization rate	Discount rate - completed projects	Discount rate - under construction projects	Capitalization rate
<b>Commercial</b>						
MPPL	11.70%	13.00%	8.00%	12.03%	13.00%	8.00%
EOPPL	11.70%	13.00%	8.25%	12.03%	13.00%	8.25%
ETPL	11.70%	NA	7.75%	12.03%	NA	7.75%
GSPL	11.70%	NA	8.25%	12.03%	NA	8.25%
IENMPL	11.70%	NA	7.50%	12.03%	NA	7.50%
OBPPL	11.70%	13.00%	8.25%	12.03%	13.00%	8.25%
QBPPL	11.70%	NA	8.25%	12.03%	NA	8.25%
QBPL - Embassy Quadron	11.70%	NA	8.25%	12.03%	NA	8.25%
QBPL - Embassy One	11.70%	NA	7.50%	12.03%	NA	7.50%
VCPPL	11.70%	NA	8.00%	12.03%	NA	8.00%
ETV Assets	11.70%	13.00%	8.00%	NA	NA	NA
<b>Hospitality</b>						
UPPL	12.38%	NA	14.0x of EBITDA	12.63%	NA	14.0x of EBITDA
QBPL - Hotel	12.38%	NA	14.0x of EBITDA	12.63%	NA	14.0x of EBITDA
MPPL - Hotel	NA	13.60%	14.0x of EBITDA	NA	13.60%	14.0x of EBITDA
ETV - Hotel	NA	13.60%	14.0x of EBITDA	NA	NA	NA
<b>Others</b>						
EEPL	13.50%	NA	NA	13.50%	NA	NA

The recoverable amount of the CGUs exceeds the carrying amount of the CGUs by ₹ 83,892.57 million (March 31, 2020: ₹ 53,151.95 million). Following change in discount rate and capitalization rate (taken individually, assuming all other assumptions remain the same) would cause the recoverable amount of the identified CGUs to be equal to the carrying amount of the CGU.

CGU	As at March 31, 2021			As at March 31, 2020		
	Discount rate - completed projects	Discount rate - under construction projects	Capitalization rate	Discount rate - completed projects	Discount rate - under construction projects	Capitalization rate
<b>Commercial</b>						
MPPL	14.39%	16.20%	13.75%	16.88%	17.85%	18.00%
EOPPL	12.63%	14.15%	9.95%	13.60%	14.58%	9.75%
ETPL	12.61%	NA	8.00%	13.15%	NA	9.00%
GSPL	14.97%	NA	9.75%	15.00%	NA	12.75%
IENMPL	12.06%	NA	8.00%	12.45%	NA	7.90%
OBPPL	13.51%	15.20%	8.75%	13.28%	14.25%	9.75%
QBPPL	13.65%	NA	9.75%	14.60%	NA	11.75%
QBPL - Embassy Quadron	13.45%	NA	8.75%	16.10%	NA	15.75%
QBPL - Embassy One**	NA	NA	NA	13.60%	NA	9.25%

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CGU	As at March 31, 2021			As at March 31, 2020		
	Discount rate - completed projects	Discount rate - under construction projects	Capitalization rate	Discount rate - completed projects	Discount rate - under construction projects	Capitalization rate
VCPPL	11.93%	NA	8.75%	12.70%	NA	8.70%
ETV Assets	12.26%	13.60%	9.00%	NA	NA	NA
<b>Hospitality</b>						
UPPL **	NA	NA	NA	NA	NA	NA
QBPL - Hotel **	NA	NA	NA	NA	NA	NA
MPPL - Hotel	NA	15.91%	NA	NA	18.45%	NA
ETV - Hotel	NA	13.22%	NA	NA	NA	NA
<b>Others</b>						
EEPL	14.71%	NA	NA	26.00%	NA	NA

\*\* Sensitivity analysis is not disclosed since the carrying value and the recoverable amount are equal.

## 7. Other intangible assets

### Reconciliation of carrying amounts for the year ended March 31, 2021

Particulars	CAM service rights	Power Purchase Agreement	Right to use trade mark	Computer software	Total
<b>Gross Block</b>					
As at April 1, 2019	-	3,348.00	1,647.91	22.87	5,018.78
Addition during the year	-	-	133.97	9.85	143.82
As at March 31, 2020	-	3,348.00	1,781.88	32.72	5,162.60
As at April 1, 2020	-	3,348.00	1,781.88	32.72	5,162.60
Additions due to business combination*	9,826.91	-	1,860.00	1.66	11,688.57
Addition during the year	-	-	-	1.53	1.53
As at March 31, 2021	9,826.91	3,348.00	3,641.88	35.91	16,852.70
<b>Accumulated amortisation</b>					
As at April 1, 2019	-	-	-	-	-
Amortisation for the year	-	145.56	-	15.68	161.24
As at March 31, 2020	-	145.56	-	15.68	161.24
As at April 1, 2020	-	145.56	-	15.68	161.24
Amortisation for the year	612.13	145.57	-	9.12	766.82
As at March 31, 2021	612.13	291.13	-	24.80	928.06
<b>Carrying amount (net)</b>					
As at March 31, 2020	-	3,202.44	1,781.88	17.04	5,001.36
As at March 31, 2021	9,214.78	3,056.87	3,641.88	11.11	15,924.64

\* Refer note 2.1 Basis for consolidation and note 47.



# Notes

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## 8. Investment property under development (IPUD)

IPUD mainly comprises upcoming buildings and other infrastructure upgrades in various properties. The details are as follows:

SPV	Nature	As at March 31, 2021	As at March 31, 2020
<b>Base build</b>			
SIPL	Block 9	3,794.98	-
VTPL	Block 8	429.47	-
EOPPL	Hudson and Ganges blocks	816.34	301.32
OBPL	Tower 1	619.44	164.66
<b>Infrastructure Upgrades</b>			
MPPL	Flyover	1,311.14	629.48
MPPL	Master plan upgrade	1,091.40	393.68
VTPL	Master plan upgrade	48.15	-
EOPPL	Master plan upgrade	500.46	228.13
QBPL	Master plan upgrade	311.96	37.50
Others	Others	45.45	18.62
		<b>8,968.79</b>	<b>1,773.39</b>

## 9. Equity accounted investee

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investment in joint venture</b>		
Golflinks Software Park Private Limited	24,118.57	24,091.36
	<b>24,118.57</b>	<b>24,091.36</b>
Goodwill on acquisition included as a part of carrying cost	10,449.36	10,449.36
	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Percentage ownership interest	50%	50%
Fair value of net assets on Purchase Price Allocation	26,247.74	26,247.74
Embassy Office Parks Group's share of net assets (50%)	13,123.87	13,123.87
Carrying amount of interest (including goodwill)	24,118.57	24,091.36

## 10. Current investments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unquoted, at amortised cost</b>		
Investment in debentures of joint venture (refer note 51) and (i) below Nil (March 31, 2020: 2,500) 8.5% debentures	-	724.38
<b>Investments measured at fair value through profit and loss</b>		
<b>Quoted, Investment in mutual funds</b>		
HDFC Liquid Fund - Growth Option	-	1,950.71
IDFC Cash Fund - Growth Option	-	390.14
ICICI Prudential Liquid Fund - Growth Option	-	1,350.76
Axis Liquid Fund - Growth Option	-	1,914.03
SBI Liquid Fund - Growth Option	-	1,629.14
Tata Liquid Fund - Growth Option	-	1,233.24
HDFC Overnight Fund - Growth Option	-	255.01
IDFC Overnight Fund - Growth Option	-	1,810.13
Axis Liquid Fund Overnight Fund - Growth Option	-	165.94
ICICI Prudential Overnight Fund - Growth Option	-	850.11
	<b>-</b>	<b>12,273.59</b>

# Notes

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(all amounts in ₹ million unless otherwise stated)

- i) Nil (March 31, 2020: 2,500) unlisted, unrated, secured redeemable, non-convertible debentures of Golflinks Software Parks Private Limited with face value of ₹ 1,000,000 each. Outstanding as on March 31, 2021 is ₹ Nil (March 31, 2020: ₹ 724.38 million).

## Terms:

- Interest Rate : 8.50% p.a. on monthly outstanding balance.
- Security : The debentures are secured by first ranking exclusive security interest over Torrey Pines building.
- Redemption : Debentures shall be redeemed in 16 monthly instalments (principal and interest) of ₹ 160.00 million each and 17th instalment of ₹ 98.99 million in accordance with redemption schedule. Early redemption of the debentures shall be permitted from internal accruals of the issuer or any other sources, at the option of the issuer and without any prepayment penalty.
- Investment in debentures has been fully redeemed in the month of August 2020 and hence, there was no outstanding in respect of investment in such debentures as at March 31, 2021.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Aggregate amount of unquoted investments</b>	-	724.38
<b>Aggregate amount of quoted investments</b>	-	11,549.21
<b>Investment measured at amortised cost</b>	-	724.38
<b>Investment measured at fair value through profit and loss</b>	-	11,549.21

## 11. Non-current loans

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered good</b>		
Security deposits		
- related party (refer note 51)	4.30	10.50
- others	830.88	658.21
	<b>835.18</b>	<b>668.71</b>

## 12. Other non-current financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered good</b>		
Fixed deposits with banks*	846.16	673.02
Unbilled revenue (refer note 51)	832.37	506.91
Receivable under finance lease	1,246.09	8.61
Receivable for sale of co-developer rights from a related party (refer note 51)	1,080.00	-
	<b>4,004.62</b>	<b>1,188.54</b>
*Includes fixed deposits held as lien against debt taken and margin money for bank guarantee	846.16	670.06

## 13. Non-current tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance tax, net of provision for tax	1,095.27	1,554.70
	<b>1,095.27</b>	<b>1,554.70</b>

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## 14. Other non-current assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered good</b>		
Advance paid for co-development of property, incl development rights on land (refer note 51 and 58) *	13,863.03	13,998.26
Other capital advances		
- related party (refer note 51)	274.23	222.56
- others	3,294.28	1,333.74
Balances with government authorities	189.97	164.03
Paid under protest to government authorities (refer note 46)	702.44	676.26
Prepayments	59.67	80.79
	<b>18,383.62</b>	<b>16,475.64</b>

\* Advance paid for co-development of property, includes borrowing cost capitalised during the period amounting to ₹ Nil (March 31, 2020: ₹ 344.42 million) at a capitalisation rate which is the SPV specific Weighted Average Borrowing Cost (WABC).

## 15. Inventories (valued at lower of cost and net realisable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Stock of consumables	10.80	12.82
	<b>10.80</b>	<b>12.82</b>

## 16. Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured</b>		
Considered good *	473.16	242.25
Credit impaired	56.21	16.02
Less: Allowances for impairment losses	(56.21)	(16.02)
	<b>473.16</b>	<b>242.25</b>

\*Includes trade receivables from related parties amounting to ₹ 327.53 million (March 31, 2020: 57.03 million) (refer note 51).

## 17. Current loans

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered good</b>		
Security deposits		
- related party (refer note 51)	-	50.00
- others	1.03	1.49
	<b>1.03</b>	<b>51.49</b>

## 18A. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.69	1.12
Balances with banks		
- in current accounts*	9,068.79	3,225.16
- in escrow accounts		
- Balances with banks for unclaimed distributions	2.00	0.26
- Others^	103.30	2.62
- in deposit accounts with original maturity of less than three months	-	20.00
	<b>9,174.78</b>	<b>3,249.16</b>

\* Balance in current accounts includes cheques on hand as at March 31, 2021 amounting to ₹ 763.77 million (March 31, 2020: ₹ 2,121.94 million).

^ Includes unspent Corporate Social Responsibility (CSR) balances amounting to ₹ 38.56 million which has been deposited in separate escrow accounts.

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## 18B. Other bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
- in fixed deposit accounts with original maturity greater than three months and maturity less than twelve months from the reporting date*	253.75	169.79
	<b>253.75</b>	<b>169.79</b>
*Deposit for availing letter of credit facilities	253.75	169.79

## 19. Other current financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered good</b>		
Interest accrued but not due		
- on fixed deposits	0.50	7.53
- on statutory deposits	21.49	40.39
- on others	4.61	4.35
Unbilled revenue (refer note 51)	443.03	256.91
Unbilled maintenance charges	224.61	59.45
Receivable under finance lease	427.74	16.88
Receivable for rental support from a related party (refer note 51)	1,108.78	-
Receivable for sale of co-developer rights from a related party (refer note 51)	1,632.97	-
Other receivables		
- related parties (refer note 51)	185.99	7.94
- others	6.63	6.01
	<b>4,056.35</b>	<b>399.46</b>

## 20. Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unsecured, considered good</b>		
Advance for supply of goods and rendering of services		
- to related parties (refer note 51)	2.67	2.78
- to others	21.68	51.32
Balances with government authorities	237.71	149.93
Prepayments	123.18	134.21
Other advances	10.10	12.98
	<b>395.34</b>	<b>351.22</b>

## 21. Unit capital

Unit Capital	No in Million	Amount
<b>As at April 1, 2019</b>	<b>771.67</b>	<b>229,039.26</b>
Add: Reversal of issue expenses no longer payable (refer note below)	-	81.70
<b>Closing balance as at March 31, 2020</b>	<b>771.67</b>	<b>229,120.96</b>
<b>As at April 1, 2020</b>	<b>771.67</b>	<b>229,120.96</b>
Units issued during the year	176.23	59,999.35
Less: Issue expenses (refer note below)	-	(858.20)
<b>Closing balance as at March 31, 2021</b>	<b>947.90</b>	<b>288,262.11</b>

**Note:** Issue expenses pertaining to the Initial Public Offering (IPO) and listing of the Units on the National Stock Exchange and Bombay Stock Exchange have been reduced from the Unitholders capital in accordance with Ind AS 32 Financial Instruments: Presentation. During the previous year ended March 31, 2020, provision for issue expenses no longer payable, has been reversed amounting to ₹ 81.70 million. During the year ended March 31, 2021 estimated issue expenses pertaining to further issue of units (Institutional Placement and Preferential Allotment) have been reduced from the Unitholders capital in accordance with Ind AS 32 Financial Instruments: Presentation. The issue expenses includes payments to auditor of ₹ 51.55 million (excluding applicable taxes).

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## (a) Terms/rights attached to Units

- (i) The Trust has only one class of Units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of Units is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the REIT Regulations. The Board of Directors of the Manager approves distributions. The distribution will be in proportion to the number of Units held by the Unitholders. The Trust declares and pays distributions in Indian Rupees.

Under the provisions of the REIT Regulations, Embassy Office Parks REIT is required to distribute to Unitholders not less than 90% of the net distributable cash flows of Embassy Office Parks REIT for each financial year. Accordingly, a portion of the Unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/146/2016 dated December 29, 2016 and No. CIR/IMD/DF/141/2016 dated December 26, 2016) issued under the REIT Regulations, the Unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated December 26, 2016 dealing with the minimum disclosures for key financial statements. Consistent with Unitholders' funds being classified as equity, the distributions to Unitholders is presented in Statement of Changes in Unitholders' Equity and not as finance cost. In line with the above, the dividend payable to Unitholders is recognised as liability when the same is approved by the Manager.

## (b) Unitholders holding more than 5 percent Units in the Trust

Name of the Unitholder	As at March 31, 2021		As at March 31, 2020	
	No of Units	% holding	No of Units	% holding
Embassy Property Developments Pvt Ltd.	115,484,802	12.18%	115,484,802	14.97%
SG Indian Holding (Nq) Co I Pte Ltd.	88,333,166	9.32%	104,094,966	13.49%
BRE Mauritius Investments	83,730,208	8.83%	93,610,755	12.13%
Veeranna Reddy	29,372,782	*	65,472,582	8.48%
BRE/ Mauritius Investments II	39,700,450	*	45,630,850	5.91%
India Alternate Property Limited	31,193,186	*	39,446,986	5.11%

\* The percentage holding is less than 5% as at March 31, 2021. As at March 31, 2020, the percentage holding was more than 5%.

- (c) The Trust has not allotted any fully paid-up units by way of bonus units nor has it bought back any class of units from the date of incorporation till the balance sheet date. Further, the Trust has issued an aggregate of 613,332,143 Units of ₹ 300 each for consideration other than cash from the date of incorporation till March 31, 2020.

Further, during the year ended March 31, 2021, the Trust has issued 111,335,400 Units at a price of ₹ 331.00 per Unit through an Institutional Placement. The Trust also made Preferential allotment of 64,893,000 Units at ₹ 356.70 per Unit to acquire ETV assets held by third party shareholders.

## 22. Other equity\*

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Reserves and Surplus</b>		
Retained earnings	(17,331.44)	(5,943.12)
	<b>(17,331.44)</b>	<b>(5,943.12)</b>

\*Refer Consolidated Statement of Changes in Unitholders' Equity for detailed movement in other equity balances.

## Retained earnings

The cumulative gain or loss arising from the operations which is retained by the Embassy Office Parks REIT is recognized and accumulated under the heading of retained earnings. At the end of the period, the profit/(loss) after tax is transferred from the Statement of Profit and Loss to the retained earnings account.

# Notes

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(all amounts in ₹ million unless otherwise stated)

## 23. Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Secured</b>		
Non-convertible debentures		
- Embassy REIT Series I NCD 2019 - Tranche I (refer note i and iv below)	35,503.62	32,351.16
- Embassy REIT Series I NCD 2019 - Tranche II (refer note i and iv below)	7,276.40	6,667.66
- Embassy REIT Series II NCD 2020 - Tranche A (refer note ii and iv below)	7,382.15	-
- Embassy REIT Series II NCD 2020 - Tranche B (refer note ii and iv below)	7,437.51	-
- Embassy REIT Series III NCD 2021 (refer note iii and iv below)	25,719.40	-
Terms loans		
- from banks (refer note vi)	22,701.75	10,978.43
- vehicle loans	2.50	30.60
Deferred payment liability (refer note v)	-	6,142.66
	<b>106,023.33</b>	<b>56,170.51</b>

### Note:

- (i) In May 2019, the Trust issued 30,000 listed, AAA rated, secured, redeemable and non-convertible Embassy REIT Series I NCD 2019 (Tranche I), debentures having face value of ₹ 1 million each amounting to ₹ 30,000.00 million with an Internal Rate of Return (IRR) of 9.4% and will mature on June 2, 2022. In November 2019, the Trust further issued 6,500 such debentures (Tranche II ) with an Internal Rate of Return (IRR) of 9.05% and with same terms and conditions as Tranche I.

The Tranche I and Tranche II NCD described above were listed on the Bombay Stock Exchange on May 15, 2019 and November 28, 2019 respectively.

### Security terms:

The NCD's are secured against each of the following in favor of the Security Trustee (holding for the benefit of the Debenture Trustee and ranking pari passu inter se the Debenture Holders):

1. A sole and exclusive first ranking charge created by MPPL on (a) land measuring 112.475 acres at Bengaluru together with blocks and various commercial buildings; (b) 1.022 acres (Phase I) and 1.631 (Phase IV) acres of undivided right, title and interest in the commercial complex known as "Mfar Manyata Tech Park". The above charge excludes L1 - Office block, consisting of 4,77,949 sq.ft of super built up area along with the undivided share of the lands and future development / construction on Blocks designated as F1 and L4 that MPPL may undertake in the Project "Embassy Manyata Business Park" along with the remaining undivided share of such land.
2. A sole and exclusive first ranking pledge created by the Embassy REIT and EOPPL over their total shareholding in the SPVs namely QBPPL, ETPL, VCPPL, GSPL and MPPL together known as "secured SPVs".
3. A sole and exclusive first ranking charge by way of hypothecation created by the Embassy REIT over identified bank accounts and receivables of the Trust.
4. A sole and exclusive first ranking charge by way of hypothecation created by each secured SPV over identified bank accounts and receivables of each secured SPV.
5. A negative pledge on all assets of each secured SPV except MPPL.



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## Redemption terms:

1. These debentures are redeemable by way of bullet payment on June 2, 2022.
  2. Tranche I debentures have a redemption premium of 9.4% IRR compounded annually and Tranche II debentures have a redemption premium of 9.05% IRR compounded annually.
  3. In case of downgrading of credit rating, the IRR shall increase by 0.25% - 1.25% over and above the applicable IRR calculated from the date of change of rating. In case of any subsequent upgrading of credit rating, the IRR shall restore/decrease by 0.25% - 1.00% over and above the applicable IRR calculated from the date of change of rating.
  4. The issuer shall have the option of redeeming all or part of the debentures on a pro-rata basis at any time on a specified call option date (between May 2021 to May 2022) by delivering a Call Option Notice to the debenture holders prior to the relevant call option date, subject to certain agreed minimum aggregate nominal value of debentures being redeemed.
- (ii) In September 2020, the Trust issued 7,500 listed, AAA rated, secured, redeemable and non-convertible Embassy REIT Series II NCD 2020 (Tranche A), debentures having face value of ₹ 1 million each amounting to ₹ 7,500.00 million with an coupon rate of 7.25% p.a. payable quarterly. In October 2020, the Trust further issued 7,500 such debentures (Tranche B), with an coupon rate of 6.70% p.a. payable quarterly and with same terms and conditions as Tranche A.

The Tranche A and Tranche B NCD described above were listed on the Bombay Stock Exchange on September 17, 2020 and November 05, 2020 respectively.

## Security terms:

The NCD's are secured against each of the following in favour of the Security Trustee (holding for the benefit of the Debenture Trustee and ranking pari passu inter se the Debenture Holders):

1. A sole and exclusive first ranking charge by way of mortgage created by EOPPL on the constructed buildings and related parcels identified as Block 2, Block 3, Food court, Block 6, Block I, Block 11 and Block 5, having an aggregate leasable area of 2,00,674 square meters and forming part of the development known as Embassy Tech Zone together with portion of land admeasuring 96,630 square meters on which the aforesaid buildings are constructed out of the aggregate area of land measuring 67.45 acres equivalent to 2,72,979 sq. mtrs.
2. A sole and exclusive first ranking pledge created by the Embassy REIT over the shareholding in the SPVs namely IENMPL and EOPPL together known as "secured SPVs" along with shareholder loans given to these SPVs.
3. A sole and exclusive first ranking charge by way of hypothecation created by Embassy REIT over identified bank accounts and receivables.
4. A sole and exclusive first ranking charge by way of hypothecation created by EOPPL over identified bank accounts and receivables.
5. A corporate guarantee issued by each of EOPPL and IENMPL.
6. Pursuant to the Composite Scheme of Arrangement (the Scheme) approved by National Company Law Tribunal (NCLT), the pledge of EOPPL shares and the hypothecation created over EOPPL bank accounts and receivables is in process of being recreated in the name of EPTPL in accordance with the terms of Debenture Trust Deed (refer note 60).

# Notes

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## Redemption terms:

1. Interest is payable on the last day of each financial quarter in a year until the Scheduled Redemption Date.
  2. These debentures will be redeemed on the expiry of 37 months from the Date of Allotment for the Debentures at par on October 9, 2023.
  3. In case of downgrading of credit rating, the coupon rate shall increase by 0.25% - 1.25% over and above the applicable coupon rate calculated from the date of change of rating. In case of any subsequent upgrading of credit rating, the IRR shall restore/decrease by 0.25% - 1.00% over and above the coupon rate calculated from the date of change of rating.
  4. The issuer shall have the option of redeeming all or part of the debentures on a pro-rata basis at any time on a specified call option date (between March 2023 to Sep 2023) by delivering a Call Option Notice to the debenture holders prior to the relevant call option date, subject to certain agreed minimum aggregate nominal value of debentures being redeemed.
- (iii) In January 2021, the Trust issued 26,000 listed, AAA rated, secured, redeemable, transferable and non-convertible Embassy REIT Series III NCD 2021 debentures having face value of ₹ 1 million each amounting to ₹ 26,000.00 million with an coupon rate of 6.40% p.a. payable quarterly.

The debentures described above were listed on the Bombay Stock Exchange on January 19, 2021.

## Security terms :

The NCD's are secured against each of the following in favor of the Security Trustee (holding for the benefit of the Debenture Trustee and ranking pari passu inter se the Debenture Holders):

1. A first ranking charge by way of mortgage created by VTPL on the constructed buildings and related parcels identified as Block 1A, Block 2 and Block 7B, having an aggregate leasable area of 3,43,772 square meters and forming part of the development known as Embassy TechVillage together with portion of land admeasuring 101,859 square meters on which the aforesaid buildings are constructed.
2. A first ranking pari passu pledge created by the Embassy REIT, MPPL and EOVPPL over their shareholding in the SPVs namely EEPL and VTPL respectively together known as "Secured SPVs".
3. A sole and exclusive first ranking charge by way of hypothecation created by Embassy REIT over identified bank accounts and receivables.
4. A sole and exclusive first ranking charge by way of hypothecation created by VTPL over identified bank accounts and receivables.
5. A corporate guarantee issued by each of VTPL and EEPL.
6. Pursuant to the Composite Scheme of Arrangement (the Scheme) approved by National Company Law Tribunal (NCLT), the pledge of EEPL shares is in process of being recreated by MPPL in accordance with the terms of Debenture Trust Deed due to change in ownership of EEPL shares from EOPPL to MPPL (refer note 60).

# Notes

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## Redemption terms:

- Interest is payable on the last day of each financial quarter in a year until the Scheduled Redemption Date.
- These debentures will be redeemed on the expiry of 37 months from the Date of Allotment for the Debentures at par on February 15, 2024.
- In case of downgrading of credit rating, the coupon rate shall increase by 0.25% - 1.00% over and above the applicable coupon rate calculated from the date of change of rating. In case of any subsequent upgrading of credit rating, the coupon rate shall restore/decrease by 0.25% - 1.00% over and above the coupon rate calculated from the date of change of rating.
- The issuer shall have the option of redeeming all or part of the debentures on a pro-rata basis at any time on a specified call option date (between July 2023 to January 2024) by delivering a Call Option Notice to the debenture holders prior to the relevant call option date, subject to certain agreed minimum aggregate nominal value of debentures being redeemed.

## (iv) Disclosure required under SEBI circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated April 13, 2018

- Details of non-convertible debentures are as follows:-

Particulars	Secured/ Unsecured	Previous due date		next due date	
		Principal	Interest	Principal	Interest
Embassy REIT Series I NCD 2019	Secured	-	-	June 2, 2022	June 2, 2022
Embassy REIT Series II NCD 2020	Secured	-	March 31, 2021	October 9, 2023	June 30, 2021
Embassy REIT Series III NCD 2021	Secured	-	March 31, 2021	February 15, 2024	June 30, 2021

- Rating agency CRISIL has assigned a rating of "CRISIL AAA/Stable" to all the above NCDs.
- Other requirements as per Guidelines for issuance of debt securities by Real Estate Investment Trusts (REITs)

Particulars	As at March 31, 2021	As at March 31, 2020
Asset cover ratio (refer a below)	22.79%	17.32%
Debt -equity ratio (refer b below)	0.39	0.26
Debt-service coverage ratio (refer c below)	3.19	4.55
Interest-service coverage ratio (refer d below)	3.26	5.10
Net worth (refer e below)	270,930.67	223,177.84

Formulae for computation of ratios are as follows basis consolidated financial statements:-

- Asset cover ratio = Total borrowings\*/ Gross asset value as computed by independent valuers
- Debt equity ratio = Total borrowings\*/ Unitholders' Equity\*
- Debt Service Coverage Ratio = Earnings before Finance costs, Depreciation, Amortisation, Impairment Loss and Tax / [Finance cost (net of capitalisation and excluding interest on lease deposit and interest on lease liability) + Principal repayments made during the year]
- Interest Service Coverage Ratio = Earnings before Finance costs, Depreciation, Amortisation, Impairment Loss and Tax / Finance cost (net of capitalisation and excluding interest on lease deposit and interest on lease liability)
- Net worth = Unit capital + Other equity

\* Total borrowings = Long-term borrowings + Short-term borrowings + current maturities of long-term borrowings  
Unitholder's Equity = Unit Capital + Other equity

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## (v) Deferred payment liability

EEPL SPV had entered into a deferred payment agreement with IL&FS Solar Power Limited for ₹ 6,853.90 million (as at March 31, 2021: ₹ Nil, March 31, 2020: ₹ 7,278.74 million), for the purpose of financing the construction and development of a solar photovoltaic electricity generation facility with a minimum capacity of 100 MW AC. The debt carried interest at an IRR of 12.72% with a fixed EMI.

### Security terms

1. Exclusive first charge by way of deposit of title deeds on the project land in accordance with the mortgage documentation.
2. Charge over the entire moveable properties (both present and future) of the Embassy Energy SPV, in relation to the project (including without limitation all tangible and intangible assets).
3. The above deferred payment liability was also secured by a guarantee given by EOPPL, Holding Co., to Embassy Office Parks REIT.

### Redemption terms:

The liability was repayable in 180 months equal instalments starting from April 2018 and was to be settled by February 2033. Pursuant to mutual agreement with IL&FS Solar Power Limited, only 50% of EMI was payable to them till the registration of agreed 465.77 acres of land is completed in favor of Embassy Energy SPV.

Subsequently, in accordance with the deferred payment agreement, the Group issued a prepayment offer to IL&FS Solar Power Limited ('lender') in December 2019 in respect of outstanding debt as at that date. Based on the terms and the revised prepayment offer agreed to between the parties, the liability has been repaid in full during the year ended March 31, 2021 along with the outstanding interest. The parties have also executed an agreement to record the agreed terms in connection with such prepayment and also to record the termination of all agreements entered into between the parties in connection with the acquisition, development and commissioning of the solar plant.

## (vi) (a) Lender 1 [balance as at March 31, 2021: Nil (March 31, 2020: ₹ 3,361.58 million)]

1. First ranking mortgage of undivided share of land and building thereon (L1) situated at Embassy Manyata, Bengaluru.
2. First charge over the entire lease rental receivables from tenant pertaining to building (L1) situated at Embassy Manyata, Bengaluru.
3. Reserve account to be maintained equal to three months repayment obligations with the lender.

Repayment and interest terms	As at March 31, 2021	As at March 31, 2020
Repayable in 36 monthly instalments. The debt carries interest of MCLR + 0.35%	-	3,361.58

The loan has been prepaid in the month of September 2020.

## (b) Lender 2 [balance as at March 31, 2021: ₹ 1,725.80 (March 31, 2020: ₹ Nil)]

1. First ranking mortgage over leasehold rights of 6.63 acres of Block M3 land and building being constructed thereon situated at Embassy Manyata Bengaluru.
2. First ranking mortgage over 1.77 acres of Block F1 land and any future construction thereon situated at Embassy Manyata Business Park.

# Notes

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(all amounts in ₹ million unless otherwise stated)

- Debt service reserve account to be maintained equal to three months interest on outstanding loan.

Repayment and interest terms	As at March 31, 2021	As at March 31, 2020
Repayable as bullet payment at the end of 36 months from first disbursement i.e., by March 2024. The loan carries an interest rate of 6M MCLR plus spread of 0.90% pa, currently 8.15%	1,725.80	-

**(c) Lender 3 [balance as at March 31, 2021: ₹ 5,180.28 million (March 31, 2020: ₹ 4,381.10 million)]**

- First ranking exclusive mortgage of undivided share of land admeasuring 8.26 acres (Front Parcel) situated at Embassy Manyata, Bengaluru.
- First charge over entire cash flows, receivable, book debts, and revenues from the projects to be constructed at the land admeasuring 8.26 acres (Front Parcel) situated at Embassy Manyata, Bengaluru.
- First charge on the Trust and Retention Account and other accounts established and maintained pursuant to Trust and Retention Account Agreement.
- A corporate guarantee issued by the Trust.

Repayment and interest terms	As at March 31, 2021	As at March 31, 2020
Repayable by way of single bullet repayment in 18 months from date of commercial operations but not later than September 30, 2023. The debt carries interest of MCLR + 1.25%, currently 8.20% p.a.	5,180.28	4,381.10

**(d) Lender 4 [balance as at March 31, 2021: Nil (March 31, 2020: ₹ 3,389.99 million)]**

- First charge over the entire cash flows of Tower 2 and Tower 3 of Embassy Oxygen, Noida, Uttar Pradesh till full liquidation of the borrowings / credit facilities along with interest and charges.
- Equitable mortgage over underlying Tower 2 & Tower 3 building of Embassy Oxygen situated at Plot No. 7, Sector 144, Noida Uttar Pradesh India.

Repayment and interest terms	As at March 31, 2021	As at March 31, 2020
Repayable in 120 monthly instalments, bullet repayment for remainder at the end of 10th year. The debt carries interest of MCLR + 0.15%	-	3,389.99

The loan has been prepaid in the month of September 2020.

**(e) Lender 5 and 6 [balance as at March 31, 2021: 14,648.63 million (March 31, 2020: Nil)]**

- First pari passu charge on Mortgage of parcel 5 land measuring 14.56 acres and buildings with 2.43 million square feet of office and amenity buildings at Embassy Tech Village, Bengaluru.
- First charge by way of hypothecation of the receivables of the above Buildings of Embassy Tech Village, Bengaluru.
- Fixed deposit equal to the amount specified in sanction letter as debt service reserve account to be kept with lien marked in favour of bank during the tenure of the loan.

Name of the lender	Repayment and interest terms	As at March 31, 2021	As at March 31, 2020
Lender 5	Repayable in structured monthly instalments with no moratorium, interest rate of lender's 3M MCLR + Nil, currently 7.15% pa	7,198.66	-
Lender 6	Repayable in structured monthly instalments with no moratorium, interest rate of 3 months T-Bill rate + applicable spread, currently 7.05% p.a.	7,449.97	-

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(all amounts in ₹ million unless otherwise stated)

**(f) Lender 7 [balance as at March 31, 2021: ₹ 94.01 million (March 31, 2020: ₹ Nil)]**

Exclusive mortgage of undivided share of land of 3.24 acres and building being constructed thereon (Tower 1) situated at Embassy Oxygen, Noida.

Repayment and interest terms	As at March 31, 2021	As at March 31, 2020
Repayable in 4 quarterly instalments after moratorium of 4 quarters from date of drawdown. The debt carries interest of MCLR + Nil, currently 7.3% p.a.	94.01	-

**(g) Lender 8 [balance as at March 31, 2021: ₹ 1,178.21 million (March 31, 2020: ₹ Nil)]**

1. Exclusive mortgage of land admeasuring 8.00 acres and building constructed thereon situated at Block 9, Embassy TechVillage, Bengaluru.
2. Exclusive charge on the receivables, cash flows, moveable assets of SIPL in relation to the Project.
3. Exclusive charge on the Escrow Account established and maintained pursuant to Escrow Agreement and Current account of SIPL.

Repayment and interest terms	As at March 31, 2021	As at March 31, 2020
Repayable by way of single bullet repayment on February 3, 2023. The debt carries interest of 6M MCLR + 0.55%, currently 7.9% p.a	1,178.21	-

**(vii) Changes in liabilities arising from financing activities**

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Opening financial liability</b>	57,783.76	79,110.54
<b>Cashflows:</b>		
Add: Acquired on business combination	42,140.75	-
Add: Proceeds from borrowings (net off issue expenses)	44,303.50	48,947.26
Less: Repayments of borrowings	(40,451.82)	(73,462.66)
Less: Interest paid	(3,698.75)	(1,562.48)
Less: Finance lease payments	(28.70)	(20.37)
<b>Non-cash adjustments:</b>		
Add: Lease liability w.r.t. right-to-use for land during the year	-	312.10
Add: Finance cost (including capitalised interest)	6,509.04	4,459.37
<b>Closing financial liability</b>	<b>106,557.78</b>	<b>57,783.76</b>

**24. Other non-current financial liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
Lease deposits (refer note 51)	4,155.40	2,360.50
Lease liability (refer note 53)	314.52	302.58
Capital creditors for purchase of fixed assets	279.65	455.57
	<b>4,749.57</b>	<b>3,118.65</b>

**25. Deferred tax**

**Deferred tax Assets (net)**

Particulars	As at March 31, 2021	As at March 31, 2020
Minimum Alternate Tax credit entitlement	5.05	-
Deferred tax assets (net) (refer note 54)	43.79	-
	<b>48.84</b>	<b>-</b>

**Deferred tax liabilities (net)**

Particulars	As at March 31, 2021	As at March 31, 2020
Minimum Alternate Tax credit entitlement	(4,586.33)	(4,015.29)
Deferred tax liabilities (net) (refer note 54)	57,882.76	44,422.67
	<b>53,296.43</b>	<b>40,407.38</b>



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## 26. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Provision for employee benefits *</b>		
- gratuity	5.79	5.25
	<b>5.79</b>	<b>5.25</b>

\* refer note 52.

## 27. Other non-current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred lease rental	666.38	378.21
Advances from customers	18.88	8.49
	<b>685.26</b>	<b>386.70</b>

## 28. Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payable		
- total outstanding dues to micro and small enterprises (refer note 51)	48.27	2.48
- total outstanding dues of creditors other than micro and small enterprises		
- to related parties (refer note 51)	139.46	115.94
- to others	253.16	136.33
	<b>440.89</b>	<b>254.75</b>

## 29. Other current financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of long-term debt		
- from banks	139.58	154.25
- deferred payment liability	-	1,136.08
- debentures (refer note (i) below, 47 and 51)	60.00	-
Security deposits		
- related party (refer note 51)	80.00	185.00
Lease deposits (refer note 51)	8,406.20	7,137.07
Book overdraft	-	137.41
Capital creditors for purchase of fixed assets		
- to related party (refer note 51)	60.47	14.73
- to others	2,423.50	975.66
Lease liability (refer note 53)	20.35	20.35
Unclaimed dividend	2.00	0.26
Contingent consideration (refer note 47B and 51)	350.00	-
Other liabilities		
- to related party (refer note 51)	240.96	172.62
- to others	954.77	629.36
	<b>12,737.83</b>	<b>10,562.79</b>

# Notes

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(all amounts in ₹ million unless otherwise stated)

- (i) In October 2020, pursuant to the Business Transfer Agreement with Embassy Services Private Limited (refer note 47), EOPPL has issued 100,000 unlisted, unrated, unsecured, redeemable and non-convertible debentures to ESPL having face value of ₹ 100 each amounting to ₹ 10.00 million with no interest rate attached. Further, MPPL has also issued 500,000 unlisted, unrated, unsecured, redeemable and non-convertible debentures to ESPL having face value of ₹ 100 each amounting to ₹ 50.00 million with same terms and conditions as EOPPL debentures.

## Security terms

The NCD's rank pari passu with all other unsecured and unsubordinated debt of EOPPL and MPPL.

## Redemption terms:

These debentures will be redeemed on the expiry of the tenure of 13 months in a single instalment for an aggregate redemption amount equal to the face value of all the NCDs (matures on November 2021).

## 30. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Provision for employee benefits *</b>		
- gratuity	0.03	0.03
- compensated absences	1.86	2.34
	<b>1.89</b>	<b>2.37</b>

\* refer note 52.

## 31. Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Unearned income	65.50	44.09
Advances received from customers (refer note 51)*	520.53	291.43
Advance compensation received from related party (refer note 51)	559.19	-
Statutory dues	237.95	193.92
Deferred lease rentals	488.96	252.14
	<b>1,872.13</b>	<b>781.58</b>

\*Includes advances received from related parties amounting to ₹ 139.12 million (March 31, 2020: ₹ 1.92 million).

## 32. Current tax liabilities (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for income-tax, net of advance tax	99.77	34.51
	<b>99.77</b>	<b>34.51</b>

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## 33. Revenue from operations

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Facility rentals	18,475.61	16,689.99
Income from finance lease	51.33	2.28
Room rentals	99.08	647.40
Revenue from contracts with customers		
Maintenance services	2,547.77	1,777.43
Sale of food and beverages	118.86	391.89
Income from generation of renewable energy	1,548.26	1,566.25
Other operating income		
- hospitality	13.51	103.40
- others (refer note 58)	748.78	270.58
	<b>23,603.20</b>	<b>21,449.22</b>

### Note:

#### Contract balances

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	473.16	242.25
Unbilled maintenance	224.61	59.45

Revenue recognised over a period of time	For the year ended March 31, 2021	For the year ended March 31, 2020
Maintenance services	2,547.77	1,777.43

## 34. Interest income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
- on debentures (refer note 51)	7.29	73.72
- on fixed deposits	195.18	139.80
- on security deposits	4.82	46.86
- on other statutory deposits	15.42	21.77
- on income-tax refund	99.99	26.31
- others	648.50	168.89
	<b>971.20</b>	<b>477.35</b>

## 35. Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net changes in fair value of financial assets	-	18.45
Liabilities no longer required written back	4.68	13.29
Profit on sale of mutual funds	154.11	359.96
Profit on sale of fixed assets	12.72	-
Miscellaneous	42.55	121.30
	<b>214.06</b>	<b>513.00</b>

## 36. Cost of materials consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Purchases	37.57	126.34
Add: Increase/(decrease) in inventory	(2.02)	(7.40)
	<b>35.55</b>	<b>118.94</b>

# Notes

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## 37. Employee benefits expense \*

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	189.07	295.88
Contribution to provident and other funds	12.82	15.08
Defined benefits plans cost (refer note 50)	2.25	2.54
Staff welfare	21.34	63.67
	<b>225.48</b>	<b>377.17</b>

\* majorly refers to employee benefits expense of the hospitality segment.

## 38. Operating and maintenance expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Power and fuel (net)	407.10	609.16
Operating consumables	6.71	18.30
	<b>413.81</b>	<b>627.46</b>

## 39. Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Property tax (net)	766.67	704.01
Rates and taxes*	306.39	37.90
Marketing and advertising expenses	84.90	77.31
Assets and other balances written off	1.16	11.16
Loss of sale of fixed assets	61.89	-
Allowances for credit loss	20.83	0.85
Reversal of impairment on investments	-	(156.98)
Investments written off	-	156.98
Bad debts written off	2.73	-
Bank charges	8.20	19.42
Brokerage and commission	3.27	24.10
Net changes in fair value of financial assets	3.00	25.16
Travel and conveyance	9.12	25.78
Corporate Social Responsibility (CSR) expenses	93.72	85.91
Miscellaneous expenses	82.45	234.73
	<b>1,444.33</b>	<b>1,246.33</b>

\*Includes provision for stamp duty amounting to ₹ 229.44 million in relation to the composite scheme of arrangement involving MPPL, EOPPL and EPTPL. Also refer note 60.

## 40. Repairs and maintenance

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Repairs and maintenance		
- common area maintenance (refer note 47A)	1,282.00	735.75
- buildings	126.56	76.19
- machinery	282.05	253.51
- others	103.59	149.93
	<b>1,794.20</b>	<b>1,215.38</b>

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## 41. Finance costs (net of capitalisation)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense		
- on borrowings from banks and financial institutions	1,016.44	310.15
- on deferred payment liability	477.76	840.19
- on lease deposits	377.62	312.09
- on lease liabilities	40.64	31.20
- on Non convertible debentures		
- Embassy REIT Series II and Series III NCD	914.43	-
Accrual of premium on redemption of debentures (Embassy REIT Series I NCD)	3,626.00	2,309.91
	<b>6,452.89</b>	<b>3,803.54</b>

Gross interest expense is ₹ 6,886.66 million (March 31, 2020: ₹ 4,771.46 million) and interest capitalised is ₹ 433.77 million (March 31, 2020: ₹ 967.92 million) for the year ended March 31, 2021.

## 42. Depreciation and amortisation

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment	674.89	707.68
Depreciation of investment property	4,265.26	4,412.32
Amortisation of intangible assets	766.82	161.24
	<b>5,706.97</b>	<b>5,281.24</b>

## 43. Tax expense\*

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax**	1,649.06	1,361.39
Deferred tax charge/ (credit)	(452.77)	(11.27)
Minimum Alternate Tax credit entitlement (MAT)***	(640.95)	(1,050.12)
	<b>555.34</b>	<b>300.00</b>

\*refer note 54.

\*\* includes dividend distribution tax of ₹ Nil (March 31, 2020: ₹ 22.83 million) payable by SPVs on dividend distributed to Group for the year ended March 31, 2021. Also includes current tax adjustments relating to earlier years of ₹ Nil (March 31, 2020: ₹ 42.32 million) for the year ended March 31, 2021.

\*\*\* including MAT credit entitlement relating to earlier years of ₹ Nil (March 31, 2020: ₹ 373.69 million).

## 44. Earnings Per Unit (EPU)

Basic EPU amounts are calculated by dividing the profit for the year attributable to Unitholders by the weighted average number of units outstanding during the year. Diluted EPU amounts are calculated by dividing the profit attributable to Unitholders by the weighted average number of units outstanding during the year plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

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The following reflects the profit and unit data used in the basic and diluted EPU computation

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit after tax for calculating basic and diluted EPU	6,983.53	7,655.34
Weighted average number of Units (No. in millions)*	819.60	771.67
Earnings Per Unit		
- Basic (Rupees/unit)	8.52	9.92
- Diluted (Rupees/unit)**	8.52	9.92

\* The weighted average number of units have been computed prorata basis 111.34 million units issued by way of institutional placement and 64.89 million units issued by way of preferential allotment on December 22, 2020 and December 24, 2020 respectively.

\*\* The Trust does not have any outstanding dilutive units

## 45. Management Fees

### Property Management Fee

Pursuant to the Investment Management Agreement dated June 12, 2017 as amended, Manager is entitled to fees @ 3% of the collection of Facility Rentals per annum of the relevant property in respect to operations, maintenance, administration and management of the Holdco or the SPV, as applicable. The fees has been determined to meet the ongoing costs of the Manager to undertake the services provided to the Embassy REIT and its SPVs. Property Management fees for the year ended March 31, 2021 amounts to ₹ 535.92 million (March 31, 2020: ₹ 486.13 million). There are no changes during the year in the methodology for computation of fees paid to Manager.

### REIT Management Fees

Pursuant to the Investment Management Agreement dated June 12, 2017, as amended, Manager is entitled to fees @ 1% of REIT Distributions which shall be payable either in cash or in Units or a combination of both, at the discretion of the Manager. The fees has been determined for undertaking management of the REIT and its investments. REIT Management fees accrued for the year ended March 31, 2021 amounts to ₹ 212.23 million (March 31, 2020: ₹ 214.81 million). There are no changes during the year in the methodology for computation of fees paid to Manager.

### Secondment fees

Pursuant to the Secondment Agreement dated 11 March 2019, Manager is entitled to fees of ₹ 0.10 million per month in respect certain employees of Manager being deployed to the Embassy office Parks REIT in connection with the operation and management of the assets of the Embassy REIT. Secondment Fees for the year ended March 31, 2021 amounts to ₹ 1.42 million (March 31, 2020: ₹ 1.42 million). There are no changes during the year in the methodology for computation of secondment fees paid to Manager.

## 46. Commitments and contingencies

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for (refer note i)	11,968.87	11,088.92
<b>Contingent liabilities</b>		
Claims not acknowledged as debt in respect of Income Tax matters (refer note ii)	440.27	447.56
Claims not acknowledged as debt in respect of Indirect Tax matters (refer note iii)	769.80	730.10
Claims not acknowledged as debt in respect of Property Tax matters (refer note iv)	3,418.89	3,313.08
<b>Others</b> (refer notes v and vi)		

Based on management's best estimate and basis expert opinion obtained by the Group, no provisions have been made for above claims during the year. The Group will continue to monitor developments to identify significant uncertainties and change in estimates, if any, in future period.



# Notes

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## Notes:

### i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for

SPV	As at March 31, 2021	As at March 31, 2020
MPPL	7,194.03	9,519.23
VTPL	1,099.60	-
OBPPL	848.10	51.78
EOPPL	1,391.46	1,423.43
SIPL	1,256.41	-
Others	179.27	94.48
	<b>11,968.87</b>	<b>11,088.92</b>

### ii) Claims not acknowledged as debt in respect of Income Tax matters

SPV	As at March 31, 2021	As at March 31, 2020
MPPL	8.22	8.50
EOPPL	246.44	246.44
QBPL	77.60	77.60
QBPPL	3.76	3.76
OBPPL	69.83	72.82
IENMPL	9.25	38.44
VTPL	25.17	-
	<b>440.27</b>	<b>447.56</b>

#### MPPL:

- (a) The SPV has received Section 153A assessment orders for AY 2009-10 to 2015-16 making additions under section 14A of Income Tax Act read with rule 8D of the Income-tax Rules in computing taxable income under the Income tax Act. The SPV has received demand orders to pay a sum of ₹ 8.22 million for the assessment period. Appeals were filed before CIT(A) challenging the assessment orders. As at March 31, 2021 the CIT(A) has dismissed the appeals for AY 09-10, 11-12 and 12-13 upholding the assessment additions made. SPV has challenged the CIT(A) orders and filed appeals before Income-tax Appellate Tribunal ['ITAT']. Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV has filed the applications for settling these litigations and await the final settlement from the Designated Authority of Income Tax. Pending settlement of these applications, the SPV has disclosed ₹ 8.22 million (March 31, 2020: ₹ 8.22 million) as contingent liability.
- (b) The SPV was originally assessed u/s. 143(3) for AY 2009-10 apart from the assessment u/s. 153A as disclosed above in (a) for disallowance under section 14A of Income Tax Act read with rule 8D of the Income-tax Rules in computing the taxable income under the Income tax Act. The SPV has received outstanding demand orders to pay a

sum of ₹ 0.28 million. During the current quarter, the appeal against order of ITAT filed before the Hon'ble High Court of Karnataka has been allowed in favour of the company. Accordingly, the SPV has disclosed Nil (March 31, 2020: ₹ 0.28 million) as contingent liability.

#### EOPPL:

- a) The SPV was assessed u/s. 143(3) of the Income Tax Act for AY 2016-17 and received assessment order dated December 31, 2018 with additions made u/s.14A of the Income Tax Act with a tax demand of ₹ 172.28 million. The SPV has filed an appeal against the assessment order at the CIT (A) and has paid ₹ 14.06 million under protest with balance demand stayed. Accordingly, the SPV has disclosed ₹ 172.28 million (March 31, 2020: ₹ 172.28 million) as contingent liability.
- b) The SPV was assessed u/s. 143(3) of the Income Tax Act for AY 2017-18 and received assessment order dated December 24, 2019 with additions made u/s.14A of the Income Tax Act read with rule 8D of the Income-tax Rules and addition to the income based on reconciliation differences between Form 26AS and the books of accounts. Aggrieved by the assessment order, the SPV has filed an appeal with CIT(A). Accordingly, the SPV has disclosed ₹ 74.17 million (March 31, 2020: ₹ 74.17 million) as contingent liability.

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## QBPL:

- a) The SPV was assessed under section 143(3) of the Income Tax Act and has received a demand notice of ₹ 71.71 million for AY 2010-11, on account of denial of benefit under section 80IAB for certain incomes as claimed by the SPV. The CIT(A) has passed necessary order upholding the stand of the Assessing Officer. The SPV thereafter filed an appeal with ITAT against the said order of CIT(A). The ITAT has disposed the appeal in favour of the SPV. Subsequent to this, Income tax Department has moved to Hon'ble High Court of Mumbai against the ITAT order. Accordingly, the SPV has disclosed the above demand of ₹ 71.71 million (March 31, 2020: ₹ 71.71 million) as a contingent liability.
- b) The SPV was assessed for AY 2014-15 u/s. 143(3) of the Income Tax Act with disallowance of loan processing fees which was accepted by the SPV. No appeal was preferred and as a result a penalty order u/s. 271(1)(c) of the Act with demand of ₹ 5.89 million was received. While the said demand has been paid, the SPV has contested this demand and filed an appeal with CIT(A) against the said order. Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV has filed the application for settling this litigation and the final settlement from the Designated Authority of Income Tax is awaited. Pending settlement of the application, the SPV has disclosed the above demand of ₹ 5.89 million (March 31, 2020: ₹ 5.89 million) as a contingent liability.

## QBPPL:

The SPV had received an assessment order u/s. 143(3) of the Income Tax Act for AY 2015-16 with 14A disallowance, certain expense disallowances and short grant of TDS credit resulting in demand of ₹ 3.76 million. An appeal against the assessment order was filed before CIT(A) and the same is in the process of hearing. Penalty proceedings have been initiated. Accordingly, the SPV has disclosed the above demand of ₹ 3.76 million (March 31, 2020: ₹ 3.76 million) as a contingent liability.

## OBPPL:

- a) The SPV had received an assessment order u/s. 143(3) of the Income Tax Act for AY 2011-12 and received a tax demand notice of ₹ 69.83 million for Assessment Year 2011-12 wherein the Assessing Officer had disallowed the profit earned by the SPV on transfer of the land at a value which was in excess of its fair value and claimed as deduction under Section 80IAB. The SPV contested the said demand and had filed an appeal with the CIT(A) against the said order. The CIT(A) had disposed

the appeal in favour of the SPV. Income Tax Department filed an appeal with ITAT against the order of CIT(A) which is currently pending for disposal. Accordingly, the SPV has disclosed the above demand of ₹ 69.83 million (March 31, 2020: ₹ 69.83 million) as a contingent liability.

- b) The SPV has received an assessment order u/s. 143(3) of the Income Tax Act for AY 2017-18 wherein the Assessing Officer has not given credit of withholding taxes in respect of merged entities. Subsequently, the SPV filed both an application for rectification for apparent error on record with the Assessing Officer and an appeal against the assessment order with CIT(A). During the current year, the Assessing Officer has allowed the TDS credit through rectification order issued in favour of the SPV and accordingly, the SPV has disclosed ₹ Nil (March 31, 2020: ₹ 2.99 million) as contingent liability.

## IENMPL:

- a) The SPV was reassessed u/s 147 read with section 143(3) of Income-tax Act, 1961 for the AY 2010-11 and addition on account of unexplained cash deposits was made u/s.69A of the Act, resulting in tax demand of ₹ 2.98 million. The SPV filed an appeal before CIT(A). Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV had filed the application for settling this litigation. Subsequent to the reporting date, the final settlement order from the Designated Authority has been received and the disputed tax demand has been paid and accordingly these claims are settled. The SPV has therefore disclosed ₹ Nil (March 31, 2020: ₹ 2.98 million) as contingent liability.
- b) The SPV received an assessment order u/s 143(3) of Income-tax Act, 1961 for the AY 2011-12 and certain additions were made and accepted by the SPV. No appeal was preferred and as a result a penalty order u/s. 271(1)(c) of the Act with demand of ₹ 12.14 million was received. The SPV had filed an appeal before CIT(A). Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV has filed the application for settling this litigation. Subsequent to the reporting date, the final settlement order from the Designated Authority has been received wherein 25% of the disputed tax demand of ₹ 3.03 million has been paid and accordingly these claims are settled. The SPV has therefore disclosed ₹ Nil (March 31, 2020: ₹ 12.14 million) as contingent liability.

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- (c) The SPV received an assessment order u/s 143(3) of Income-tax Act, 1961 for the AY 2012-13 and certain additions were made and accepted by the SPV. No appeal was preferred and as a result a penalty order u/s. 271(1)(c) of the Act with demand of ₹ 14.07 million was received. The SPV has filed an appeal before CIT(A). Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV has filed the application for settling this litigation. Subsequent to the reporting date, the final settlement order from the Designated Authority has been received wherein 25% of the disputed tax demand of ₹ 3.52 million has been adjusted with the tax paid under protest ₹ 2.81 million and balance ₹ 0.70 million was paid and accordingly these claims are settled. The SPV has therefore disclosed ₹ Nil (March 31, 2020: ₹ 14.07 million) as contingent liability.
- (d) The SPV received a tax demand notice of ₹ 9.25 million for Assessment Year 2014-15 wherein the Assessing Officer had disallowed municipal tax paid claimed against Income from House property and additions made u/s.14A of the Income tax Act read with Rule 8D of the Income Tax Rules. The SPV contested the said demand and has filed an appeal with the CIT(A) against the said order. Accordingly, the SPV has disclosed ₹ 9.25 million (March 31, 2020: ₹ 9.25 million) as contingent liability.

## VTPL:

- (a) The SPV was reassessed u/s. 153C read with 143(3) of the Income Tax Act, 1961 for the AY 2003-04 and 2004-05. Certain additions u/s. 68 were made and tax demand of ₹ 25.17 million was raised. The SPV filed an appeal against the demand order before CIT(A) which was upheld in favour of SPV quashing the demand raised. Aggrieved by the CIT(A) order, Income Tax Department filed an appeal before ITAT, Delhi which was dismissed

and resultantly the income tax department filed an appeal before Hon'ble High Court of Karnataka which was also dismissed for want of jurisdiction. The Income tax department has now preferred an appeal before the Hon'ble High Court of Delhi. Accordingly, the SPV has disclosed ₹ 25.17 million (March 31, 2020: Nil) as contingent liability.

- (b) The SPV was reassessed u/s. 147 read with section 143(3) of the Income Tax Act, 1961 for AY 2012-13 with additions made u/s. 69C and tax demand of ₹ 1.87 million was raised for the relevant year. The SPV has preferred an appeal against the assessment order before the CIT(A). Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV has filed the application for settling this litigation. Subsequent to the reporting date, the final settlement order from the Designated Authority has been received wherein the tax demand has been adjusted against accumulated loss and accordingly these claims are settled. The SPV has therefore disclosed ₹ Nil (March 31, 2020: Nil) as contingent liability.
- (c) The SPV was assessed u/s. 143(3) of the Income Tax Act, 1961 for AY 2017-18 with additions made u/s. 69C and u/s. 14A and a tax demand of ₹ 9.23 million was raised and adjusted with tax refunds due for the relevant year. The SPV has preferred an appeal against the assessment order before the CIT(A). Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV has filed the application for settling this litigation. Subsequent to the reporting date, the final settlement order from the Designated Authority has been received wherein the tax demand has been adjusted against accumulated loss and accordingly these claims are settled. The SPV has therefore disclosed ₹ Nil (March 31, 2020: Nil) as contingent liability.

## iii) Claims not acknowledged as debt in respect of Indirect Tax matters

SPV	As at March 31, 2021	As at March 31, 2020
MPPL	605.50	573.90
ETPL	64.73	64.73
GSPL	23.99	23.99
VCPPL	40.66	40.66
UPPL	30.61	26.82
VTPL	4.31	-
	<b>769.80</b>	<b>730.10</b>

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## MPPL:

- (a) The SPV had received Order-in-original dated December 23, 2015 with a demand to pay a sum of ₹ 522.04 million (including interest and penalty) from the Commissioner of Central Excise Bangalore-V Commissionerate towards incorrectly availed Cenvat credit during the period April 1, 2006 to March 31, 2012. Appeal has been filed before CESTAT dated April 18, 2016. The appeal is still pending before CESTAT and the amount of ₹ 522.04 million (March 31, 2020: ₹ 522.04 million) is disclosed as contingent liability.
- (b) The SPV had received an order dated May 26, 2011 from Assistant Commissioner of Commercial Taxes for rejecting the refund of ₹ 51.86 million towards incorrectly availed VAT input credit during the period April 1, 2009 to March 31, 2010. Appeal was filed before Karnataka Appellate Tribunal (briefly "KAT") which allowed the refund in part. The SPV approached Hon'ble High Court of Karnataka which quashed the order passed by KAT and granted full refund. The State of Karnataka has filed an appeal in the Supreme Court against the High Court order. Accordingly, a sum of ₹ 51.86 million (March 31, 2020: ₹ 51.86 million) has been disclosed as contingent liability.
- (c) The Customs department issued demand notice to the Oil Suppliers of the SPV with a demand of ₹ 31.60 million for the period April 1, 2015 to February 15, 2016 denying duty benefit on the procurement of diesel. The Oil Suppliers have subsequently raised the demand on the SPV. Consequently, SPV preferred an appeal before the SEZ commissioner which was rejected by the Commissioner and aggrieved by the order, SPV filed a Writ Petition before the Hon'ble High Court of Karnataka and obtained an Interim stay order from the Court on February 9, 2017 which is still in force.

## ETPL:

- (a) The SPV has received an Order from Joint Commissioner, Service Tax - I, Kolkata for the period 2012-13 in respect of non-registration and non-payment of service tax under the category of 'Builder's Special Services' and not 'Construction of Immovable Property' service with regard to installation of parking equipment which is taxable as a service leading to ineligibility of abatement of ₹ 10.01 million, irregular availment of credit of ₹ 6.87 million and non-payment of service tax of ₹ 0.96 million (along with penalty of equal amount). Against the aforesaid Order, the SPV has filed an appeal before the Commissioner of Central Excise (Appeals - I), Kolkata which directed the

SPV to make a pre-deposit of ₹ 1.33 million to stay the recovery of the balance amount. The same has been paid by the SPV under protest and such appeal is currently pending for disposal. Accordingly, the demand and penalty amount of ₹ 35.68 million (March 31, 2020: ₹ 35.68 million) has been disclosed as a contingent liability.

- (b) SPV has received an Order from Joint Commissioner, Service Tax - I, Kolkata in January 2020, demanding ₹ 14.52 million in respect of denial of input tax credit during construction period for the financial years 2014-15 to 2016-17 (along with penalty of equal amount). Against the aforesaid Order, the SPV has filed an appeal before the Commissioner of Central Excise (Appeals - I), Kolkata which directed the SPV to make a pre-deposit of ₹ 1.09 million to stay the recovery of the balance amount. The same was paid by the SPV under protest. Accordingly, the SPV has disclosed the demand and penalty amount of ₹ 29.05 million (March 31, 2020: ₹ 29.05 million) as contingent liability.

## GSPL:

The SPV had received an Order-in-Original passed by the Commissioner, Customs, Central Excise and Service Tax Commissionerate, Noida for the period FY 2007-08 to 2010-11 demanding ₹ 11.99 million (along-with penalty of equal amount) in respect of inclusion of notional interest accrued on security deposit in the taxable value. Against the aforesaid Order, the SPV had filed an appeal before the Hon'ble Customs, Excise and Service Tax Appellate Tribunal which directed the SPV to make a pre-deposit of ₹ 0.90 million to stay the recovery of the balance amount. The same was paid by the SPV under protest. During the previous year FY 17-18, the SPV had received a favourable order and the said demand was annulled and the pre-deposit has been refunded; however, the Commissioner Excise has filed an appeal against the Order to Hon'ble High Court of Allahabad. Accordingly, the SPV has disclosed the demand and penalty amount of ₹ 23.99 million (March 31, 2020: ₹ 23.99 million) as contingent liability.

## VCPL:

The SPV has received an order issued by the Commissioner, Customs, Central Excise and Service Tax Commissionerate, Bombay demanding ₹ 29.91 million along-with penalty of ₹ 10.75 million in respect of inclusion of notional interest accrued on security deposit in the taxable value for the period FY 2012-2013 to 2014-2015. Against the aforesaid Order, the SPV had filed an appeal before the Hon'ble Customs, Excise and Service Tax Appellate Tribunal which directed the SPV to make a pre-deposit of ₹ 2.24 million to stay the recovery of the balance amount. The same was paid

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by the SPV under protest and such appeal is currently pending for disposal. Accordingly, the said demand of ₹ 40.66 million (March 31, 2020: ₹ 40.66 million) has been disclosed as contingent liability.

## UPPL:

- a) The SPV had received show cause notices dated July 3, 2015 for demand due to irregular cenvat credit availed for ₹ 23.04 million relating to period from April 1, 2011 to March 31, 2016. Responses have been filed and is pending before the Commissioner of Service Tax. Accordingly, the aforementioned demand of ₹ 23.04 million (March 31, 2020: ₹ 23.04 million) is disclosed as contingent liability.
- b) The SPV had received show cause notices dated April 9, 2019 for demand of ₹ 3.78 million relating to period from April 1, 2014 to June 30, 2017 with respect to payment of salary and bonus to certain employees of the SPV which has not been considered as Management fees. The Deputy Commissioner of Service Tax has disposed off

the submissions made in the current quarter and passed an order demanding the tax dues along with interest and penalty aggregating to ₹ 7.57 million. Aggrieved by the order, the SPV has preferred and appeal before the Commissioner of Appeals with pre-deposit of ₹ 0.28 million. Accordingly, the aforementioned demand of ₹ 7.57 million (March 31, 2020: ₹ 3.78 million) is disclosed as contingent liability.

## VTPL:

The Customs department issued demand notice to the Oil Suppliers of the SPV with a demand of ₹ 4.31 million for the period April 1, 2015 to February 15, 2016 denying duty benefit on the procurement of diesel. The Oil Suppliers have subsequently raised the demand on the SPV. Consequently, SPV preferred an appeal before the SEZ commissioner which was rejected by the Commissioner and aggrieved by the order, SPV filed a Writ Petition before the Hon'ble High Court of Karnataka and obtained an Interim stay order from the Court on February 9, 2017 which is still in force.

## iv) Claims not acknowledged as debt in respect of Property Tax matters

SPV	As at March 31, 2021	As at March 31, 2020
MPPL	3,418.89	3,313.08
	<b>3,418.89</b>	<b>3,313.08</b>

## MPPL:

- (a) The SPV has received a demand order dated October 5, 2015 to pay a sum of ₹ 2,739.49 million (including penalty and interest upto June 2016) towards the difference in property tax payable by the SPV, which difference arose on account of classification of the property under different schedules for the purpose of computing property taxes, for the period 2008-09 to 2015-16. The SPV is contesting that the concerned property being an industrial estate that has been developed as special economic zone must be classified as category XIV as per the notification issued under Karnataka Municipal Corporation Act, 1976 ('the Act') and Bruhat Bengaluru Mahanagar Palike Property Tax Rules, 2009 ('Rules'). Whereas, the Assistant Revenue Officer has been considering the concerned property under category VIII as per the notification issued under the Act and Rules. The SPV filed a writ petition against the demand order which has been dismissed by the Hon'ble High Court of Karnataka. The said court upheld the demand made by BBMP. Against the order passed by single judge for the dismissal of writ petition, MPPL has based on external legal opinion filed an appeal before the aforementioned court and the

same has been admitted by the court on June 27, 2016. The Hon'ble High Court restrained BBMP from taking any coercive action against the SPV and also directed BBMP to allow the SPV to make payment of property tax for the assessment year 2016-17. The matter is currently pending and as of the date of these financial statements, no further developments have taken place. Accordingly, this has been disclosed as a contingent liability. The SPV paid ₹ 646.69 million (March 31, 2020: ₹ 646.69 million) under protest against the above demand.

- (b) The SPV has also received demand notices dated October 9, 2017 to pay a sum of ₹ 760.07 million including penalty as of that date towards the differential property tax based on the total survey report for certain blocks for the period 2008-09 to 2017-18. An appeal had been filed before the Joint Commissioner, BBMP, Bytarayanapura, Bangalore ("Joint Commissioner") objecting the total survey report and property tax assessment notice arising therefrom. New demand notices dated January 17, 2019 were issued to pay a sum of ₹ 860.39 million (including penalty) towards the differential property tax for the period 2008-09 to 2017-18 and interest upto the date of payment



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as per the demand notices. The SPV submitted a letter to the Joint Commissioner dated March 29, 2019 referring to the appeals preferred by the SPV and had paid a sum of ₹ 286.80 million towards property tax demanded under protest. An order was passed by the Joint Commissioner dismissing the appeal preferred by the SPV. Against the order passed by the Joint Commissioner, MPPL has, based on external legal opinion, filed a writ petition before the Hon'ble High Court of Karnataka on August 3, 2020 on various grounds, inter alia, that the rates BBMP has relied on to calculate property tax in the said demand notices dated October 9, 2017 has been already challenged in a writ appeal filed by the SPV and pending before Hon'ble High Court of Karnataka as mentioned in note iv(a) above. Additionally new notices dated July 24, 2019 and March 18, 2021 were issued to pay a sum of ₹ 78.56 million (including penalty) and ₹ 27.25 million (including penalty) towards the differential property tax for the year 2018-19 and 2019-20 respectively and the SPV has paid ₹ 35.26 million (including ₹ 9.08 million paid subsequent to the year ended March 31, 2021) towards property tax demanded under protest. Accordingly, a net contingent liability of ₹ 679.40 million (March 31, 2020: ₹ 573.59 million) has been disclosed in these financial statements.

## v) Others: tax matters pertaining to equity accounted investee company

### (a) GLSP (50% equity accounted investee - joint venture) Income Tax matters:

a) GLSP has received a Tribunal order for AY 2007-08 to 2013-14 upholding the taxability of interest income basis information in the Annual Information Return (for AY 2007-08 only), upholding the disallowance on interest paid towards loans allegedly used for onward lending to certain parties and remanding the issue of disallowance on interest paid towards such loans. There are currently no tax dues outstanding for each of the years under consideration as past year tax losses have been adjusted against the aforesaid disallowances. The total disallowance amount under dispute for all years put together is ₹ 907.40 million. GLSP has filed an appeal before the Hon'ble High Court of Karnataka on these matters. GLSP has obtained external legal opinion on this matter and accordingly disclosed the same as a contingent liability. Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV has filed the application for settling this litigation and the final settlement from the Designated Authority of Income Tax is awaited.

b) GLSP has received a Tribunal order for AY 2005-06 to 2007-08, remanding back the case to CIT(A) with respect to the issue of disallowance on interest paid towards loans allegedly used for on-lending to certain parties. There are currently no tax dues outstanding for each of the years under consideration as past year tax losses have been adjusted against the aforesaid disallowances. The total disallowance amount under dispute for all relevant years put together is ₹ 15.40 million and accordingly the same is disclosed as a contingent liability by GLSP. Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV has filed the application for settling this litigation and the final settlement from the Designated Authority of Income Tax is awaited.

c) GLSP has received a CIT(A) order for AY 2014 -15, with respect to the issue of disallowance on interest paid towards loans allegedly used for on-lending to certain parties. There are currently no tax dues outstanding for each of the years under consideration as past year tax losses have been adjusted against the aforesaid disallowances. The total disallowance amount is ₹ 252.04 million. GLSP had filed an appeal before the ITAT on these matters and ITAT also upheld the order of CIT(A). Aggrieved by ITAT order, appeal was filed before the Hon'ble High Court of Karnataka and accordingly the same is disclosed as a contingent liability. Pursuant to the dispute resolution scheme of settling the pending litigations under the Direct Tax Vivad-Se-Vishwas Act, 2020, the SPV has filed the application for settling this litigation and the final settlement from the Designated Authority of Income Tax is awaited.

d) During the year ended March 31, 2020, GLSP has received assessment order for AY 2017-18 for disallowance under section 14A of Income Tax Act read with rule 8D of the Income-tax Rules, disallowance of claim under section 80G of the Income Tax Act and addition to the income based on differences between Form 26AS and the books of accounts. GLSP has filed an appeal against the assessment order with CIT(A). Accordingly, GLSP has disclosed ₹ 2.83 million (March 31, 2020: ₹ 2.83 million) as contingent liability.

### (b) GLSP (50% equity accounted investee - joint venture) Service Tax matters :

a) GLSP has received show cause notice and order-in-original dated August 14, 2011 and December 11, 2011 to pay a sum of ₹ 111.86 million from Office of the Commissioner of Service tax towards wrongly availed Cenvat credit during the



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period April 1, 2009 to March 31, 2011. Appeal has been filed before CESTAT. As at March 31, 2021 the appeal is pending before CESTAT for hearing and accordingly the same is disclosed as a contingent liability by GLSP.

- b) GLSP has received an Order-in-Original dated August 31, 2010 to pay a sum of ₹ 90.49 million from Office of the Commissioner of Service tax towards wrongly availed Cenvat credit during the period June 2007 to March 2009. Appeal was filed before CESTAT and a favourable order was received by the entity. Commissioner of Service Tax has filed an appeal before Hon'ble High Court of Karnataka and the matter is taken up for hearing by the Court and accordingly the same is disclosed as contingent liability by GLSP.

## vi) Other matters

### (a) VCPPL (Forfeiture of security deposit matters):

Orange Business Services India Technology Private Limited, earlier known as Equant Technologies Services (India) Private Limited ("Equant") had filed a summary suit bearing No. 388 of 2012 with the Hon'ble Bombay High Court alleging that the SPV incorrectly terminated the letter of intent dated July 18, 2008 executed between the SPV and Equant for renting premises in Embassy 247 Park pursuant to which Equant paid to the SPV a security deposit of ₹ 40.32 million, which was withheld by the SPV on account of breach of agreed terms of the said letter of intent. The matter is currently under adjudication.

- b) **EEPL :** SPV received a demand notice under the Insolvency and Bankruptcy Code, 2016 (IBC) on February 28, 2019 from a third party subcontractor, engaged by IL&FS Development Company (IEDCL), the parent company of IL&FS Solar Power Limited ('ISPL'), which was itself engaged by ISPL as a contractor for Embassy Energy. The demand notice alleges that unpaid amounts (categorized as operational debts) aggregating up to ₹ 1,008.10 million are due to the sub-contractor directly from EEPL for the various works claimed to have been undertaken at the site of Embassy Energy, on the basis of certain correspondence with EEPL. The demand notice requires payment within 10 days of the letter, failing which the subcontractor may initiate a corporate insolvency resolution process against EEPL. EEPL has by its letter dated March 1, 2019, refuted all such claims inter alia on the basis that the payments are due from ISPL (and/ or its parent entity) to the sub-contractor and not from EEPL, and therefore the sub-contractor has no claim against EEPL. By its letters dated March 18, 2019, the subcontractor has responded

to the letter from EEPL, denying all statements made by EEPL and reiterating that the unpaid amounts are due from EEPL. The sub-contractor has thereafter filed an application under Section 9 of the Code before the Bangalore bench of National Company Law Tribunal claiming debt of ₹ 997.59 million and interest thereon against EEPL. During the previous year ended March 31, 2020, the third party sub-contractor vide a letter dated January 2, 2020 served the notice of hearing in the captioned matter for initiation of insolvency proceedings under section 9 of the IBC before the NCLT, Bengaluru pursuant to its order dated December 16, 2019. The petitioner has filed a claim as an operational creditor of IEDCL for an amount of ₹ 1,008.10 million due to him. The matter is listed for hearing on May 6, 2021 in respect of admission before the NCLT, Bangalore. The SPV intends to contest the claim before NCLT. SPV based on the external legal opinion obtained on this matter has disclosed the same as a contingent liability.

**EEPL :** The Karnataka Electricity Regulatory Commission, Bengaluru (KERC) has issued orders in 2005, 2008 and 2014 granting exemption to all solar power generators in Karnataka that achieved commercial operation date between April 1, 2013 and March 31, 2018 from paying certain charges such as payment of wheeling and banking charges, cross subsidy surcharges, transmission losses and wheeling losses for a period of ten years from the date of commissioning. KERC has issued an order dated May 14, 2018 withdrawing the aforementioned exemption available to Karnataka's power generators, including EEPL.

The SPV commissioned the solar plant during the FY 2017-2018 and as per the previous Regulation, the charges did not apply to the SPV for a period of 10 years. The SPV filed a writ petition with the Hon'ble High Court of Karnataka challenging the KERC Order and obtained an interim Stay Order dated May 24, 2018. BESCOM filed preliminary statement of objections and also filed application seeking recalling of interim order. The application seeking recalling of interim order was rejected. The Hon'ble High Court passed the judgment on March 13, 2019 allowing the Writ Petition and quashed the order dated May 14, 2018 passed by KERC. The SPV has filed Caveat Petition for receiving notifications in case any suit / appeal is filed by any of the parties to the said petition. KERC has filed a common writ appeal against the order dated March 13, 2019 against EEPL and Others. However, Electricity Supply Companies (ESCOMS) have also filed Writ Appeals against some of the petitioners, but no appeal has been

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filed against EEPL, In the event an adverse order is passed in the said appeal made by ESCOMS, EEPL may also be affected.

**EEPL :** Embassy-Energy Private Limited has received a demand notice under the Insolvency and Bankruptcy Code, 2016 (IBC) on February 28, 2019 from a third party subcontractor, engaged by IL&FS Development Company (IEDCL), the parent company of IL&FS Solar Power Limited ('ISPL'), which was itself engaged by ISPL as a contractor for Embassy Energy. The demand notice alleges that unpaid amounts (categorized as operational debts) aggregating up to ₹ 1,008.10 million are due to the sub-contractor directly from EEPL for the various works claimed to have been undertaken at the site of Embassy Energy, on the basis of certain correspondence with EEPL. The demand notice requires payment within 10 days of the letter, failing which the subcontractor may initiate a corporate insolvency resolution process against EEPL. EEPL has by its letter dated March 1, 2019, refuted all such claims inter alia on the basis that the payments are due from ISPL (and/ or its parent entity) to the sub-contractor and not from EEPL, and therefore the sub-contractor has no claim against EEPL. By its letters dated March 18, 2019, the subcontractor has responded to the letter from EEPL, denying all statements made by EEPL and reiterating that the unpaid amounts are due from EEPL, without prejudice to any action, including criminal, that may be taken under law including the IBC against EEPL, IEDCL, ISPL and certain representatives of these entities. The sub-contractor has thereafter filed an application under Section 9 of the Code before the Bangalore bench of National Company Law Tribunal claiming debt of ₹ 997.59 million and interest thereon against EEPL. The matter is currently pending resolution. Management based on this internal assessment on this matter has disclosed the same as a contingent liability.

**EEPL :** The Karnataka Electricity Regulatory Commission has issued an order in 2018 pursuant to which banking facilities available to non-renewable energy certificate based renewable energy generators were reduced from a period of one year to six months, and restrictions were imposed on the extent of banked energy which could be withdrawn during the peak time of day. EEPL filed a writ petition against the Karnataka Electricity Regulatory Commission and others before the Hon'ble High Court of Karnataka. The Hon'ble High Court of Karnataka pursuant to an order dated August 9, 2018 granted an interim stay on the commission's order. Pursuant to an

order dated July 24, 2019, the Hon'ble High Court of Karnataka has allowed the writ petition and quashed the order dated January 9, 2018 issued by the Karnataka Electricity Regulatory Commission with a direction to Karnataka Electricity Regulatory Commission to reconsider the matter. However, KERC has filed a common Writ Appeal against EEPL and others before the Division Bench of High Court and is currently pending disposal. No Appeal has been filed challenging the said order dated July 24, 2019 by virtue of which the Writ Petition of EEPL was allowed and the order dated January 9, 2018 of KERC was quashed.

- (c) **MPPL :** SPV has filed a writ petition in 2015 against the BBMP and others seeking to inter-alia, quash (i) a circular from 2014 re-fixing the improvement charges under the Karnataka Municipal Corporations Act, 1976, and the Karnataka Municipal Corporations (Recovery of Improvement Expenses) Rules, 2009, and (ii) a notice from 2015 demanding payment of betterment charges of ₹ 127.9 million. In 2016, the Hon'ble High Court of Karnataka has granted an interim stay on the impugned circular and notice.
- (d) **VTPL:** SPV has received a demand note dated August 14, 2020 and September 29, 2020 from the Bangalore Water Supply and Sewerage Board for a payment of total charges amounting to ₹ 138.64 million in relation to issuance of a no-objection certificate (NOC) for a proposed project commercial building on land parcel. SPV has filed a writ petition before the High Court of Karnataka against the State of Karnataka, Bangalore Water Supply and Sewerage Board and others challenging inter-alia, the government order dated February 12, 2016 and the demand note issued against the SPV and seeking to, inter-alia, (i) quash the demand notice dated August 14, 2020 and September 29, 2020; and (ii) issuance of NOC to SPV. SPV has obtained an ad-interim direction from the High Court of Karnataka on November 17, 2020 wherein the court has granted stay of demand notice on August 14, 2020 and September 29, 2020 limited to advance probable prorata charges and beneficiary charges and has further instructed the SPV to pay the prescribed fee for issuance of NOC. Pursuant to the same, SPV has made payments on December 29, 2020 and December 30, 2020 amounting to ₹ 17.91 million towards NOC charges and treated water charges and the balance amount of ₹ 120.73 million towards advance probable prorata charges and BCC charges have been stayed by the Hon'ble High Court of Karnataka have been shown as contingent

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liability (March 31, 2020 ₹ Nil). Additionally, SPV has received the NOCs dated December 30, 2020 from BWSSB with respect to the above.

## 47. Business Combinations

### A Business Transfer Agreement (BTA) between MPPL, EOPPL and ESPL

On October 22, 2020, MPPL and EOPPL had entered into Business Transfer Agreement (BTA) with ESPL for acquisition of the Common Area Maintenance (CAM) services for Embassy Manyata and Embassy TechZone for a total consideration of ₹ 4,730.21 million.

The acquisition cost of ₹ 4,730.21 million was funded through coupon bearing debt obtained by Embassy Office Parks Group. The consideration for the aforesaid acquisition, is paid in the form of assumption and repayment of identified liabilities of ESPL and issuance of unlisted, unsecured, redeemable non-convertible debentures of MPPL and EOPPL to ESPL. The acquisition was completed on October 28, 2020. Details of assets acquired and liabilities assumed have been provided below:

Particulars	CAM services operations		Total
	Embassy Manyata	Embassy TechZone	
<b>Assets acquired</b>			
Intangible assets acquired [CAM service rights]	3,808.59	925.72	4,734.31
Fair value of other assets acquired	94.07	6.35	100.42
<b>Total</b>			<b>4,834.73</b>
Liabilities assumed			
Other current liabilities	94.02	10.50	104.52
<b>Total</b>			<b>104.52</b>
<b>Fair value of net assets acquired</b>			<b>4,730.21</b>
Less: Consideration	3,808.64	921.57	4,730.21
<b>Goodwill/ Capital reserve on acquisition</b>			<b>-</b>

### Notes:

- The Purchase consideration mentioned above was settled through cash and issue of Non convertible debentures [refer note 29(i)].
- Embassy office parks group has obtained two independent valuation reports as required by the REIT regulations for the above acquisition and the average of the two valuations amounts to ₹ 5,179 million. Acquisition consideration is at 8.5% discount to average of two independent valuation reports. No fees or commission is payable to any associate of the related party in relation to the transaction. All the material conditions and obligations for the transaction have been complied.
- The above transaction enables full integration and overall alignment of property maintenance for two of existing REIT assets and helps further enhance service delivery to the occupants of Embassy Manyata, Bengaluru and Embassy TechZone, Pune especially important given the heightened focus on health and safety by occupiers.
- Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and liabilities assumed are as follows :

Particulars	Valuation methodology
CAM service rights	The fair value of the CAM service rights was established using the "Multi-period excess earnings method (MEEM)". In MEEM method, value is estimated as the present value of the benefits anticipated from ownership of the asset in excess of the returns required on the investment in the contributory assets necessary to realize those benefits.
Assets other than those mentioned above	Book values as on the date of acquisition corresponds to the fair values which have been considered to be fully recoverable.
Liabilities	Liabilities includes trade payables and other liabilities. Book values as on the date of acquisition corresponds to the fair values.

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## B Acquisition of ETV Assets

During the year ended March 31, 2021, the Trust acquired Embassy Tech Village by acquiring all of the equity interest in VTPL, EOVP and SIPL (ETV Assets) held by the Embassy Sponsor, BREP entities and certain other third party shareholders. The acquisition of equity interest in EOVP (which in turn holds 60% equity interest in VTPL) and SIPL has been completed with issue proceeds received of ₹ 36,852.02 million, by issue of 111,335,400 Units at a price of ₹ 331.00 per Unit through the Institutional Placement. The acquisition of balance 40% equity interest in VTPL is completed through Preferential issue of 64,893,000 Units at a price of ₹ 356.70 per unit to the third party shareholders aggregating to ₹ 23,147.33 million.

The accounting for the business combination has been done in accordance with Ind AS-103 "Business Combination". Refer Note 2.1 "Basis of Business Combination" for more details.

### Details of assets acquired and liabilities assumed:

Particulars	Amount
<b>Fair value of assets acquired</b>	
Fair value of Land (including lease hold land)	53,598.99
Fair value of Buildings	25,300.30
Fair value of other investment property, property, plant and equipment acquired	12,107.48
Fair value of other investment property under development acquired	2,681.82
Fair value of other capital work-in-progress acquired	218.31
Fair value of other assets acquired*	11,509.99
<b>Fair value of liabilities assumed</b>	
Fair value of borrowings assumed	41,006.43
Fair value of other liabilities assumed	6,514.98
Deferred tax liability on fair valuation of assets acquired and liabilities assumed	14,424.08
<b>Fair value of net assets taken over</b>	<b>43,471.40</b>
Total Purchase consideration	57,565.47
<b>Goodwill on consolidation</b>	<b>14,094.07</b>

\* Other assets include trade receivables of ₹ 40.33 million. Gross contractual value of trade receivables acquired is ₹ 59.69 million along with allowances for impairment losses estimated at ₹ 19.36 million.

### Notes:

1. The Total purchase consideration for SIPL includes a contingent consideration of ₹ 350.00 million which shall be payable to the Embassy Sponsor in cash subject to certain conditions and timeline agreed between the parties.

The purchase consideration was settled through:

- The acquisition of equity interest in EOVP (which in turn holds 60% equity interest in VTPL) and SIPL has been completed with issue proceeds received of Rs.36,852.02 million, by issue of 111,335,400 Units at a price of ₹331.00 per Unit through the Institutional Placement. The acquisition of balance 40% equity interest in VTPL is completed through Preferential issue of 64,893,000 Units at a price of ₹ 356.70 per unit to the third party shareholders aggregating to ₹ 23,147.33 million.
- the remaining consideration has been settled in cash.

2. Embassy Office Parks Group has obtained two independent valuation reports as required by the REIT regulations for the ETV assets and the average of the two valuations for the enterprise value amounts to ₹ 102,555 million. Acquisition consideration is at 4.6% discount to average of two independent valuation reports. No fees or commission is payable to any associate of the related party in relation to the transaction. All the material conditions and obligations for the transaction have been complied.
3. The Goodwill of ₹ 14,094.07 million mainly arises on account of requirement to value individual assets and liabilities acquired on business combination at fair values as well as the requirement to recognise deferred tax liability of ₹ 14,424.08 million, calculated as a difference between the tax effect of the fair value of the acquired assets and liabilities and their tax bases. Goodwill is attributable due to the acquisition price being dependent on the overall property valuation assuming a discounted cash flow method computed using future cashflows and other relevant assumptions as compared with

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the individual assets recorded at their fair values computed basis comparable approach or depreciated replacement cost basis. Goodwill is allocated entirely to the ETV assets CGU. Goodwill is not deductible for tax purposes.

- The above transaction enhances Embassy REIT's commercial office portfolio, facilitates the REIT's entry into Bengaluru's best-performing sub-market and further diversifies the REIT's occupier base. Based on the Management's evaluation and the accounting policy followed by the Embassy Office Parks Group, the acquisition is accounted as a business combination.

## 5. Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and liabilities assumed are as follows :

Particulars	Valuation methodology
Property, plant and equipment and Investment property	Fair values have been determined by independent external property valuers, having appropriately recognised professional qualification and recent experience in the location and category of the properties being valued. The valuers have followed "Direct comparison approach" for land, "Depreciated replacement cost approach" for the built up component, plant and machinery, capital work-in-progress and other assets. Direct comparison approach involves comparing to similar properties that have actually been sold in an arms length transaction or are offered for sale. Depreciated replacement cost approach considers the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The methodology begins with a set of assumptions as to the projected income and expenses of the property. This methodology use market derived assumptions, including discount rates, obtained from analysed transactions.
Right-to -use trademark	The fair value of the acquired right to use trademark was established using "Relief from royalty" method. It is a methodology that assumes that if a corporation owns a trademark, then it is relieved from paying a royalty, so a hypothetical royalty payment can be estimated.
CAM service rights	The fair value of the CAM service rights was established using the "Multi-period excess earnings method (MEEM)". In MEEM method, value is estimated as the present value of the benefits anticipated from ownership of the asset in excess of the returns required on the investment in the contributory assets necessary to realize those benefits.
Assets other than those mentioned above	Book values as on the date of acquisition corresponds to the fair values which have been considered to be fully recoverable.
Contingent consideration	Contingent consideration payable are estimated based on the terms of the sale contract, the entity's knowledge of the business and how the current economic environment is likely to impact it. The fair value of contingent consideration is valued based on the present value of expected payments, discounted using a risk-adjusted discount rate. In relation to SIPL it is probable that the consideration of ₹ 350 million will be paid in future to the Embassy Sponsor in cash and hence the entire payable of ₹ 350 million has been considered as contingent consideration. There is no movement in the fair value of contingent consideration during the period.
Liabilities	Liabilities includes loans and borrowings, trade payables and provision for employee benefits. Book values as on the date of acquisition corresponds to the fair values.

## C Additional disclosure regarding revenue and net profit of acquired assets (Pursuant to acquisition of CAM service operations and ETV assets)

Particulars	Revenue	Net profit/ (loss)
Amounts included in the consolidated financial statements for the year ended March 31, 2021 on account of the above business combination.	2,585.87	(217.51)
Revenue and net profit/(loss) if the above acquisitions had taken place on April 1, 2020 (refer note below).	9,567.30	(466.71)

Note: The revenue and net profit numbers disclosed above is without giving effect to Embassy REIT's capital raise pursuant to acquisition i.e. institutional placement/ preferential allotment or debt refinanced.

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## 48. Financial instruments - Fair values

### A The carrying value and fair value of financial instruments by categories are as below:

Particulars	Carrying value March 31, 2021	Fair Value March 31, 2021	Carrying value March 31, 2020	Fair Value March 31, 2020
<b>Financial assets</b>				
<b>Amortised cost</b>				
Loans	836.21	-	720.20	-
Trade receivables	473.16	-	242.25	-
Cash and cash equivalents	9,174.78	-	3,249.16	-
Other bank balances	253.75	-	169.79	-
Other financial assets	8,060.97	-	1,588.00	-
Investments in debentures	-	-	724.38	-
<b>Fair value through profit and loss</b>				
Investments in mutual funds	-	-	11,549.21	11,549.21
<b>Total assets</b>	<b>18,798.87</b>	<b>-</b>	<b>18,242.99</b>	<b>11,549.21</b>
<b>Financial liabilities</b>				
<b>Amortised cost</b>				
Borrowings (including current maturities of long-term debt) - floating rates	22,843.83	-	11,163.28	-
Borrowings (including current maturities of long-term debt) - Fixed rates	83,379.08	84,630.97	46,297.56	46,243.74
Lease deposits	12,561.60	-	9,497.57	-
Trade payables	440.89	-	254.75	-
Contingent consideration	350.00	350.00	-	-
Other financial liabilities	4,376.22	-	2,893.54	-
<b>Total liabilities</b>	<b>123,951.62</b>	<b>84,980.97</b>	<b>70,106.70</b>	<b>46,243.74</b>

The fair value of cash and cash equivalents, fixed deposits, trade receivables, investment in debentures, borrowings at floating rates, lease deposits, trade payables, loans and other financial assets and liabilities approximate their carrying amounts and hence the same has not been disclosed in the table above.

### B. Measurement of fair values

The section explains the judgement and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is mentioned below:

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.



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## Financial instruments

Quantitative disclosures fair value measurement hierarchy for assets as at:

Particulars	Date of valuation	Total	Level 1
<b>Financial assets measured at fair value:</b>			
<b>FVTPL financial investments:</b>			
Investment in mutual funds	March 31, 2021	-	-
Investment in mutual funds	March 31, 2020	11,549.21	11,549.21

## Transfers between Level 1, Level 2 and Level 3

There were no transfers between Level 1, Level 2 or Level 3 during the year ended March 31, 2021 and March 31, 2020.

## Determination of fair values

Fair values of financial assets and liabilities have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- i) The fair value of mutual funds are based on price quotations at reporting date.
- ii) The fair values of other current financial assets and financial liabilities are considered to be equivalent to their carrying values.
- iii) The fair values of borrowings at fixed rates are considered to be equivalent to present value of the future contracted cashflows discounted at the current market rate. The fair value has been categorised as Level 3 Fair value.
- iv) The fair values of contingent consideration is valued based on the present value of expected payments, discounted using a risk-adjusted discount rate.

## C. Financial risk management

The Group has exposure to following risks arising from financial instruments:

- market risk
- credit risk
- liquidity risk

## Risk management framework

The Board of Directors of the Manager of Embassy Office Parks Group has overall responsibility for the

establishment and oversight of the Embassy Office Parks Group's risk management framework. The Embassy Office Parks Group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Board of Directors of the Managers of Embassy Office Parks Group oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

## a. Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income and its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

## i. Currency risk

The Group does not have a material exposure to currency risk.

## ii. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

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## Exposure to interest rate risk:

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows :

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Variable-rate instruments:</b>		
<b>Financial liabilities</b>		
Borrowings (Non-current and current)	22,843.83	11,163.28
<b>Variable rate instruments</b>	<b>22,843.83</b>	<b>11,163.28</b>

## Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 1% (100 basis points) in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	+ 1%	- 1%	+ 1%	- 1%
Impact on the statement of profit and loss	(76.36)	76.36	(37.21)	37.21

## Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Hence, there is no exposure as at the reporting date to the statement of profit or loss.

### iii. Price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices of investments. The Group has no material exposure to equity securities price risk and is not exposed to commodity risk. The Group's exposure to price risk arises from investments held by the Group in mutual funds and classified in the balance sheet as fair value through statement of profit and loss. The fair value of these investments is marked to an active market. The financial assets carried at fair value by the Group are mainly investments in liquid debt securities and accordingly, any material volatility is not expected.

## Mutual funds price risk sensitivity analysis

The Group's exposure to price risk arises from investments held by the group in short term debt mutual funds and classified in the balance sheet as fair value through statement of profit and loss. The impact on the statement of profit and loss due to price sensitivity would be as follows for the investments as at the year end:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Increase by 1% (100 basis points)	-	115.49
Decrease by 1% (100 basis points)	-	(115.49)

### b. Credit risk

Credit risk is the potential financial loss resulting from the failure of tenants or counterparties of the Group to settle its financial and contractual obligations, as and when they fall due.

The Group has an established process to evaluate the creditworthiness of its tenants and prospective tenants to minimise potential credit risk. Credit evaluations are performed by the Group before lease agreements are entered into with prospective tenants. Security in the form of bankers' guarantees or cash security deposits are obtained upon the commencement of the lease.

The Group establishes an allowance account for impairment that represents its estimate of losses in respect of trade and other receivables. The main component of this allowance is estimated losses that relate to specific tenants or counterparties.

The allowance account is used to provide for impairment losses. Subsequently when the Group is satisfied that no recovery of such losses is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is then written off against the carrying amount of the impaired financial asset.

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Cash at bank and fixed deposits are placed with banks and financial institutions which are regulated and have low or no risk.

As at the reporting date, there is no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Balance Sheet.

## i. Expected credit loss (ECL) assessment for customers/ tenants as at March 31, 2021 and March 31, 2020

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (including but not limited to past payment history, security by way of deposits, external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Gross carrying amount	Provision amount	Gross carrying amount	Provision amount
Up to 180 days	463.38	-	238.48	-
More than 180 days	65.99	56.21	19.79	16.02
	<b>529.37</b>	<b>56.21</b>	<b>258.27</b>	<b>16.02</b>

The movement in the allowance for impairment in respect of trade receivables is as follows:-

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Amount as at April 1</b>	16.02	42.58
Amount written off during the year	-	(12.01)
Acquired as part of business combination (refer note 47B)	19.36	-
Allowances for credit loss during the year	20.83	(14.55)
<b>Balance as at March 31</b>	<b>56.21</b>	<b>16.02</b>

## ii. Loans: Security deposits

Risk assessment		Year ended	Estimated gross carrying amount	Expected probability of default	ECL	Carrying amount, net of provision
Loss at 12 months ECL	Risk same since initial recognition	As at March 31, 2021	836.21	-	-	836.21
		As at March 31, 2020	720.20	-	-	720.20

## iii. Cash and bank balances

The Group holds cash and cash equivalents of ₹ 9,174.78 million as at March 31, 2021 (March 31, 2020: ₹ 3,249.16 million) and fixed deposits with bank of ₹ 1,099.91 million (March 31, 2020: ₹ 839.85 million). The cash and cash equivalents and fixed deposits with bank are mainly held with scheduled banks which are highly regulated. The Group considers that its cash and cash equivalents and fixed deposits with bank have low credit risk based on the external credit ratings of counterparties.

## iv. Other Financial Assets

The Group considers that its other financial assets which mainly represents unbilled revenue with its tenants have low credit risk based on its nature and other security available.

## c. Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The Group monitors rolling forecasts of its liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by CODM. In addition, the Group's liquidity management policy involves

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projecting cash flows 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.

## Exposure to liquidity risk

The table below details the Group's remaining contractual maturity for its non-derivative financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

## Financing Arrangements

The Group has access to the following undrawn borrowing facilities as at end of the reporting period:

Particulars	As at March 31, 2021	As at March 31, 2020
Floating rate		
Construction finance and term loans	11,381.00	3,997.00

The above facilities may be drawn at any time and such borrowings.

Particulars	Carrying value as at March 31, 2021	Contractual cash flows				Total
		Within 1 year	1-3 years	3-5 years	More than 5 years	
Borrowings	106,222.91	4,603.23	105,200.15	15,764.89	-	125,568.27
Trade payables	440.89	440.89	-	-	-	440.89
Lease deposits - Current and non-current	12,561.60	8,322.53	3,462.16	1,843.17	106.35	13,734.21
Lease Liability	334.87	20.36	40.72	40.72	10,598.46	10,700.26
Other financial liabilities - non current	279.65	-	279.65	-	-	279.65
Other financial liabilities - current	4,111.70	4,111.70	-	-	-	4,111.70
	<b>123,951.62</b>	<b>17,498.71</b>	<b>108,982.68</b>	<b>17,648.78</b>	<b>10,704.81</b>	<b>154,834.98</b>

Particulars	Carrying value as at March 31, 2020	Contractual cash flows				Total
		Within 1 year	1-3 years	3-5 years	More than 5 years	
Borrowings	57,460.84	2,251.67	55,100.28	8,579.79	10,517.04	76,448.78
Trade payables	254.75	254.75	-	-	-	254.75
Lease deposits - Current and non-current	9,497.57	2,070.42	3,109.64	4,053.75	1,083.48	10,317.29
Lease Liability	322.93	20.36	40.72	40.72	10,618.82	10,720.62
Other financial liabilities - non current	455.57	-	455.57	-	-	455.57
Other financial liabilities - current	2,115.04	2,115.06	-	-	-	2,115.06
	<b>70,106.70</b>	<b>6,712.26</b>	<b>58,706.21</b>	<b>12,674.26</b>	<b>22,219.34</b>	<b>100,312.07</b>

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## 49. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital structure mainly constitutes equity in the form of unit capital and debt. The projects are initially funded through construction financing arrangements. On completion, these borrowings are restructured into lease-rental discounting arrangements or debentures. The Group's capital structure is influenced by the changes in regulatory framework, government policies, available options of financing and the impact of the same on the liquidity position.

The Group monitors capital using a ratio of 'Net debt' to 'Gross asset value (GAV) of all SPVs' including fair value of its 50% investment in Golflinks Software Park Private Limited. For this purpose, Net debt is defined as Long-term borrowings + Short-term borrowings + current maturities of long-term borrowings - Cash and other bank balances - investments in mutual funds (net of NDCF to be distributed for the recent quarter). The Group's adjusted Net debt to GAV ratio as at March 31, 2021 and March 31, 2020 are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Net debt	102,102.58	52,152.64
GAV	466,051.25	331,682.60
<b>Net debt to GAV</b>	<b>21.91%</b>	<b>15.72%</b>

## 50. Operating segments

Ind AS 108 establishes standards for the way that business enterprises report information about operating segments and related disclosures. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker ('CODM') evaluates the Embassy Office Parks' performance and allocates resources based on an analysis of various performance indicators by operating segments. The accounting principles used in the preparation of the Consolidated Financial Statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the significant accounting policies.

Operating segments of Embassy Office Parks Group are (i) Commercial Offices, (ii) Hospitality and (iii) Other segments. Other segments comprise Generation of Renewable Energy. Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment.

Net Operating Income ('NOI') is the key metric reported to the CODM for the purposes of assessment of the segment results. The same is defined as follows:

### a) Commercial Offices segment:

NOI for commercial offices is defined as revenue from operations (which includes (i) facility rentals, (ii) maintenance services income, (iii) income from finance lease, and (iv) other operating income for Commercial

Offices) less direct operating expenses (which includes (i) operating and maintenance expenses including common area maintenance expenses (ii) property taxes, (iii) rent, and (iv) insurance).

### b) Hospitality segment:

NOI for hospitality segment is defined as revenue from operations (which includes (i) room rentals, (ii) sale of food and beverages, (iii) other operating income from hospitality) less direct operating expenses (which includes (i) cost of materials consumed, (ii) employee benefits expenses, (iii) operating and maintenance expenses excluding property management fees, and (iv) Other expenses).

### c) Other segment:

NOI for other segments is defined as revenue from operations (which includes income from generation of renewable energy) less direct operating expenses (which includes (i) operating and maintenance expenses and (ii) other expenses).

Certain income (such as interest, dividend and other income) and certain expenses (such as Other expenses excluding Direct operating expenses, depreciation, amortization, impairment and finance cost) are not specifically allocable to segments and accordingly these expenses are adjusted against the total income of the Embassy Office Parks Group.

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Further, the information relating to segment assets and segment liabilities are not regularly provided to CODM for review and hence the same is not disclosed.

Particulars	Commercial Offices		Hospitality		Other Segments		Total	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Revenue from operations</b>	21,823.48	18,709.58	231.46	1,173.39	1,548.26	1,566.25	23,603.20	21,449.22
Identifiable operating expenses	(2,577.83)	(2,081.97)	(575.22)	(1,067.99)	(126.68)	(129.72)	(3,279.73)	(3,279.68)
<b>Net Operating Income (segment results for the year)</b>	<b>19,245.65</b>	<b>16,627.61</b>	<b>(343.76)</b>	<b>105.40</b>	<b>1,421.58</b>	<b>1,436.53</b>	<b>20,323.47</b>	<b>18,169.54</b>
Other operating expenses							(1,815.52)	(1,513.12)
Interest, dividend and other income							1,185.26	990.35
<b>Earnings before finance costs, depreciation, amortisation, impairment loss and tax</b>							<b>19,693.21</b>	<b>17,646.77</b>
Share of profit after tax of equity accounted investees							994.48	1,169.33
Depreciation and amortisation expenses							(5,706.97)	(5,281.24)
Impairment loss (refer note 6)							(988.96)	(1,775.98)
Finance costs							(6,452.89)	(3,803.54)
<b>Profit before tax</b>							<b>7,538.87</b>	<b>7,955.34</b>
Tax expense							(555.34)	(300.00)
Other Comprehensive Income							0.81	0.16
<b>Total comprehensive income for the year</b>							<b>6,984.34</b>	<b>7,655.50</b>

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An analysis of CGU wise Segment Revenues and Segment Results is given below

## For the year ended March 31, 2021

Particulars	REIT	MPPL	EOPPL**	UPPL	EEPL	GSPL	ETPL	OBPL	QBPL	VCPPL	IENMPL	ETV	Total
Segment Revenue:													
Commercial Office Segment	-	10,802.17	1,407.91	-	-	803.26	1,025.77	1,435.74	1,006.97	1,321.66	1,438.41	1,708.28	21,823.48
Hospitality Segment	-	-	-	99.75	-	-	-	-	131.71	-	-	-	231.46
Others	-	-	-	-	1,548.26	-	-	-	-	-	-	-	1,548.26
<b>Total</b>	<b>-</b>	<b>10,802.17</b>	<b>1,407.91</b>	<b>99.75</b>	<b>1,548.26</b>	<b>803.26</b>	<b>1,025.77</b>	<b>1,435.74</b>	<b>1,138.68</b>	<b>1,321.66</b>	<b>1,438.41</b>	<b>1,708.28</b>	<b>23,603.20</b>
Net Operating Income (segment results)													
Commercial Office Segment	-	9,719.10	1,271.12	-	-	679.97	936.78	1,139.71	794.49	1,169.44	1,309.70	1,474.25	19,245.65
Hospitality Segment	-	-	-	(114.56)	-	-	-	-	(229.20)	-	-	-	(343.76)
Others	-	-	-	-	1,421.58	-	-	-	-	-	-	-	1,421.58
<b>Total</b>	<b>-</b>	<b>9,719.10</b>	<b>1,271.12</b>	<b>(114.56)</b>	<b>1,421.58</b>	<b>679.97</b>	<b>936.78</b>	<b>1,139.71</b>	<b>565.29</b>	<b>1,169.44</b>	<b>1,309.70</b>	<b>1,474.25</b>	<b>20,323.47</b>

\*\* refer note 60

## For the year ended March 31, 2020

Particulars	REIT	MPPL	EOPPL**	UPPL	EEPL	GSPL	ETPL	OBPL	QBPL	VCPPL	IENMPL	ETV	Total
Segment Revenue:													
Commercial Office Segment	-	8,794.81	1,497.83	-	-	870.47	925.64	1,379.28	1,472.01	1,375.32	1,490.06	-	18,709.58
Hospitality Segment	-	-	-	825.62	-	-	-	-	347.77	-	-	-	1,173.39
Others	-	-	-	-	1,566.25	-	-	-	-	-	-	-	1,566.25
<b>Total</b>	<b>-</b>	<b>8,794.81</b>	<b>1,497.83</b>	<b>825.62</b>	<b>1,566.25</b>	<b>870.47</b>	<b>925.64</b>	<b>1,379.28</b>	<b>1,819.78</b>	<b>1,375.32</b>	<b>1,490.06</b>	<b>-</b>	<b>21,449.22</b>
Net Operating Income (segment results)													
Commercial Office Segment	-	8,225.28	1,411.28	-	-	661.53	841.45	1,054.29	1,177.72	1,176.47	1,327.38	-	16,627.61
Hospitality Segment	-	-	-	323.92	-	-	-	-	(218.52)	-	-	-	105.40
Others	-	-	-	-	1,436.53	-	-	-	-	-	-	-	1,436.53
<b>Total</b>	<b>-</b>	<b>8,225.28</b>	<b>1,411.28</b>	<b>323.92</b>	<b>1,436.53</b>	<b>661.53</b>	<b>841.45</b>	<b>1,054.29</b>	<b>959.20</b>	<b>1,176.47</b>	<b>1,327.38</b>	<b>-</b>	<b>18,169.54</b>

## Information about major customers

Revenue from operations from customers amounting to 10% or more of the segment revenue is as follows (at SPV level):

## For the year ended March 31, 2021

Segment	Commercial Offices												Other Segments
	MPPL	EOPPL**	GSPL	ETPL	OBPL	QBPL	VCPPL	IENMPL	EPTPL	VTPL	EOVPL	SIPL	
Number of customers	2	2	3	3	4	1	3	2	2	-	2	-	3
Amount	3,347.76	483.35	714.33	893.29	1,066.24	237.11	928.77	328.89	533.62	-	383.10	-	1,521.52

\*\* refer note 60.

## For the year ended March 31, 2020

Segment	Commercial Offices												Other Segments
	MPPL	EOPPL**	GSPL	ETPL	OBPL	QBPL	VCPPL	IENMPL	EPTPL	VTPL	EOVPL	SIPL	
Number of customers	2	2	3	3	4	1	3	2	2	-	NA	NA	3
Amount	3,032.51	613.51	836.89	726.71	1,107.79	228.02	1,400.62	301.90	537.44	-	NA	NA	1,414.07



# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## 51. Related party disclosures

### I. List of related parties

#### A Parties to Embassy Office Parks REIT

Embassy Property Developments Private Limited - Co-Sponsor  
BRE/ Mauritius Investments - Co-Sponsor  
Embassy Office Parks Management Services Private Limited - Investment Manager or Manager  
Axis Trustee Services Limited - Trustee

**The co-sponsor groups consist of the below entities**

#### Embassy Property Developments Private Limited - Co-Sponsor

Embassy One Developers Private Limited  
D M Estates Private Limited  
Embassy Services Private Limited  
Golfinks Properties Private Limited

#### BRE/ Mauritius Investments - Co-Sponsor

SG Indian Holding (NQ) Co. I Pte. Limited	BREP VII SG Oxygen Holding (NQ) Pte Limited	BREP Asia SBS Oxygen Holding (NQ) Limited	BREP VII SBS HCC Holding (NQ) Limited
SG Indian Holding (NQ) Co. II Pte. Limited	BREP VII SBS NTPL Holding (NQ) Limited	BREP VII SBS Oxygen Holding (NQ) Limited	India Alternate Property Limited
SG Indian Holding (NQ) Co. III Pte. Limited	BREP GML Holding (NQ) Pte Limited	BREP VII SBS Holding-NQ CO XI Limited	BREP Asia SBS Holding-NQ CO XI Limited
BRE/Mauritius Investments II	BREP VII GML Holding (NQ) Pte Limited	BREP Asia HCC Holding (NQ) Pte Limited	BREP VII SG Indian Holding (NQ) Co II Pte. Limited
BREP NTPL Holding (NQ) Pte Limited	BREP Asia SBS GML Holding (NQ) Limited	BREP VII HCC Holding (NQ) Pte Limited	
BREP VII NTPL Holding (NQ) Pte Limited	BREP VII SBS GML Holding (NQ) Limited	BREP Asia SG Indian Holding (NQ) Co II Pte. Limited	
BREP Asia SBS NTPL Holding (NQ) Limited	BREP Asia SG Oxygen Holding (NQ) Pte Limited	BREP Asia SBS HCC Holding (NQ) Limited	

#### Directors & KMPs of the Investment Manager (Embassy Office Parks Management Services Private Limited)

##### Directors

Jitendra Virwani  
Tuhin Parikh  
Vivek Mehra  
Ranjan Ramdas Pai  
Anuj Puri  
Punita Kumar Sinha  
Robert Christopher Heady  
Aditya Virwani  
Asheesh Mohta (w.e.f: 28 June 2019, alternate to Robert Christopher Heady)

##### KMPs

Michael David Holland - CEO  
Rajesh Kaimal - CFO (upto May 19, 2020)  
Aravind Maiya - CFO (from May 19, 2020)  
Ramesh Periasamy - Compliance Officer and Company Secretary (Upto August 6, 2020)  
Deepika Srivastava- Compliance Officer and Company Secretary (From August 7, 2020)

#### B Joint Venture

Golfink Software Parks Private Limited

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## C. Other related parties with whom the transactions have taken place during the year

Dynasty Properties Private Limited	Mac Charles (India) Limited	Embassy Real Estate and Development Services Private Limited
Snap Offices Private Limited (formerly known as Stylus Commercial Services Private Limited)	Lounge Hospitality LLP EPDPL Coliving Operation LLP	JV Holding Private Limited VTV Infrastructure Management Private Limited
Synergy Property Development Services Private Limited (upto November 5, 2019)	EPDPL Coliving Private Limited	Embassy Commercial Projects (Whitefield) Private Limited
Embassy Industrial Parks Private Limited	Embassy Projects Private Limited	Golflinks Embassy Business Park Management Services LLP
Golflinks Embassy Business Park Management services LLP	Technique Control Facility Management Private Limited	
Wework India Management Private Limited	Anarock Retail Advisors Private Limited	
Embassy Shelters Private Limited	Babbler Marketing Private Limited	
Manyata Builders Private Limited (upto March 21, 2020)	Sarla Infrastructure Private Limited (upto December 24, 2020)	
Manyata Projects Private Limited (upto March 21, 2020)	Vikas Telecom Private Limited (upto December 24, 2020)	
FIFC Condominium	BREP VII SBS Holding-NQ IV Co Ltd (Cayman)*	
Paledium Security Services LLP	BREP Asia SBS Holding-NQ Co IV Ltd (Cayman)*	
Reddy Veeranna Constructions Private Limited (upto March 21, 2020)	BREP Asia SG India Holding (NQ) Co I Pte Ltd*	
HVS Anarock Hotel ADV Services Private Limited	BREP VII SG India Holding (NQ) Co I Pte Ltd*	

\*together known as BREP entities.

## II. Related party transactions during the period/ year

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Acquisition of Common Area maintenance services business from</b>		
Embassy Services Private Limited	4,730.21	-
<b>Business acquisition of ETV assets from</b>		
Embassy Property Developments Private Limited	6,870.02	-
BREP Asia SG Indian Holding (NQ) Co I Pte. Ltd	8,736.46	-
BREP VII SG Indian Holding (NQ) Co I Pte. Ltd	2,182.64	-
BREP Asia SBS Holding-NQ Co IV Ltd. (Cayman)	41.46	-
BREP VII SBS Holding-NQ IV Co Ltd (Cayman)	11.84	-
<b>Non-Convertible Debentures issued to</b>		
Embassy Services Private Limited	60.00	-
<b>Property Management fees</b>		
Embassy Office Park Management Services Private Limited	535.92	486.13
<b>REIT Management fees</b>		
Embassy Office Park Management Services Private Limited	212.23	214.81
<b>Purchase of Intangible assets</b>		
Embassy Office Park Management Services Private Limited	-	8.84

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Purchase of Investment Property</b>		
Reddy Veeranna Constructions Private Limited	-	4.51
Babbler Marketing Private Limited	77.11	-
<b>Brokerage paid (capitalised)</b>		
Anarock Retail Advisors Private Limited	8.00	-
<b>Common area maintenance</b>		
Embassy Services Private Limited	532.45	591.22
Golflinks Embassy Business Park Management Services LLP	18.97	24.11
FIFC Condominium	59.43	67.01
Paledium Security Services LLP	39.13	-
Technique Control Facility Management Private Limited	219.07	-
<b>Repairs and maintenance- building</b>		
Embassy Services Private Limited	23.83	-
Paledium Security Services LLP	0.83	-
FIFC Condominium	-	6.13
<b>Repairs and maintenance - plant and machinery</b>		
Embassy Services Private Limited	0.41	-
Paledium Security Services LLP	1.72	-
Technique Control Facility Management Private Limited	11.04	-
<b>Business consultancy services (capitalised)</b>		
Embassy Property Developments Private Limited	128.05	124.90
Embassy Services Private Limited	24.20	-
<b>Reimbursement of tenant improvements</b>		
Wework India Management Private Limited	65.72	-
<b>Income from generation of renewable energy from the tenants of</b>		
Vikas Telecom Private Limited	198.49	377.32
Embassy Property Developments Private Limited	6.72	87.55
Dynasty Properties Private Limited	1.79	39.32
Golflinks Software Park Private Limited	233.68	224.87
<b>Security Deposit given/(repaid) to/(by) related party</b>		
Embassy Property Developments Private Limited	-	(991.50)
<b>Security deposits received</b>		
Wework India Management Private Limited	105.44	-
<b>Advance compensation received from related party</b>		
Embassy Property Development Private Limited	559.19	-

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Capital advances paid/ (refunded)</b>		
Embassy Property Developments Private Limited	(135.24)	4,884.97
Reddy Veeranna Constructions Private Limited	-	4.02
FIFC Condominium	8.37	9.71
Babbler Marketing Private Limited	124.11	-
<b>Rental and maintenance income</b>		
Wework India Management Private Limited	234.21	108.85
FIFC Condominium	5.03	-
Snap Offices Private Limited	41.03	36.85
<b>Interest income</b>		
Golflinks Software Park Private Limited	7.29	72.19
Reddy Veeranna Construction Private Limited	-	1.53
Sarla Infrastructure Private Limited	4.76	-
Embassy Property Developments Private Limited	611.82	160.47
<b>Other operating income</b>		
Embassy Property Developments Private Limited	686.40	215.88
Golflinks Software Park Private Limited	45.00	45.00
<b>Project management consultancy fees (capitalised)</b>		
Synergy Property Development Services Private limited	-	91.53
<b>Amount paid for civil works (capitalised)</b>		
Synergy Property Development Services Private limited	-	539.28
<b>Power and fuel expenses</b>		
Embassy Services Private Limited	68.89	117.51
<b>Reversal of impairment on investments</b>		
Manyata Projects Private Limited	-	(156.98)
<b>Investments written off</b>		
Manyata Projects Private Limited	-	156.98
<b>Legal and professional charges</b>		
Embassy Services Private Limited	22.70	18.65
HVS Anarock Hotel ADV Services Private Limited	0.70	-
<b>Security charges</b>		
Embassy Services Private Limited	16.23	12.94
<b>Trademark and license fees</b>		
Embassy Shelters Private Limited	1.42	1.42
<b>Purchase of consumables</b>		
Embassy One Developers Private Limited	-	16.81

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Rates and taxes</b>		
Embassy One Developers Private Limited	-	2.06
<b>Revenue - Room rentals, sale of food and beverages</b>		
Jitendra Virwani	1.71	2.34
Embassy Property Developments Private Limited	0.87	5.25
Embassy One Developers Private Limited	-	1.96
Vikas Telecom Private Limited	-	0.31
JV Holding Private Limited	-	0.04
Others	3.67	4.99
<b>Investment in debentures</b>		
Golflinks Software Parks Private Limited	-	2,500.00
<b>Redemption of investment in debentures</b>		
Golflinks Software Parks Private Limited	724.38	1,775.62
<b>Secondment fees</b>		
Embassy Office Parks Management Services Private Limited	1.42	1.42
<b>Trustee fees</b>		
Axis Trustee Services Limited	2.96	2.96
<b>Miscellaneous expenses</b>		
Mac Charles (India) Limited	-	0.48
<b>Business Promotion expenses</b>		
Lounge Hospitality LLP	-	0.06
<b>Reimbursement of expenses (received)/ paid</b>		
Embassy Services Private Limited	20.50	29.77
FIFC Condominium	5.70	-
Embassy One Developers Private Limited	(12.60)	(6.26)
Embassy Office Parks Management Services Private Limited	1.63	53.87
<b>Initial refundable receipt from Co-sponsor - received / (repaid)</b>		
Embassy Property Development Private Limited	-	(0.50)

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## III. Related party balances

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current maturities of long term borrowings</b>		
Embassy Services Private Limited [refer note 29(i)]	60.00	-
<b>Security deposits</b>		
Embassy Services Private Limited	-	60.50
VTV Infrastructure Management Private Limited	4.30	-
<b>Advance from customers</b>		
Wework India Management Private Limited	139.12	1.92
<b>Trade payables</b>		
Embassy Services Private Limited	106.68	91.74
Embassy Property Developments Private Limited	0.10	-
Embassy Real Estate and Development Services Private Limited	0.11	4.66
VTV Infrastructure Management Private Limited	13.03	-
Technique Control Facility Management Private Limited	28.95	-
Embassy Office Parks Management Service Private Limited	14.02	-
Golflinks Embassy Business Park Management services LLP	5.52	2.01
FIFC Condominium	-	17.53
<b>Unbilled revenue</b>		
Vikas Telecom Private Limited	-	25.05
Embassy Property Developments Private Limited	-	8.92
Dynasty Properties Private Limited	-	3.73
Golflinks Software Parks Private Limited	24.38	24.12
<b>Other current financial assets - other receivables from related party</b>		
Embassy Property Developments Private Limited	178.39	-
Manyata Builders Private Limited	-	5.63
Embassy One Developers Private Limited	1.22	2.31
FIFC Condominium	6.38	-
<b>Other current financial liabilities</b>		
Embassy One Developers Private Limited	-	0.05
Embassy Services Private Limited	79.81	115.48
Technique Control Facility Management Private Limited	78.44	-
Embassy Office Parks Management Services Private Limited	52.87	56.14
Paledium Security Services LLP	10.23	-
FIFC Condominium	0.61	0.95
VTV Infrastructure Management Private Limited	19.00	-
<b>Contingent consideration payable</b>		
Embassy Property Developments Private Limited	350.00	-
<b>Other current financial liabilities - Security deposits</b>		
Vikas Telecom Private Limited	-	105.00
Golflinks Software Parks Private Limited	80.00	80.00

# Notes

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Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current liabilities - Capital creditors for purchase of fixed assets</b>		
Embassy Property Developments Private Limited	41.23	14.73
Embassy Services Private Limited	11.43	-
Others	7.81	-
<b>Other current liabilities-Advance compensation received</b>		
Embassy Property Developments Private Limited	559.19	-
<b>Other non-current assets - capital advance</b>		
Embassy Shelters Private Limited	206.35	206.34
Embassy Property Developments Private Limited	20.76	-
Reddy Veeranna Constructions Private Limited	-	6.51
FIFC Condominium	18.08	9.71
Babbler Marketing Private Limited	29.04	-
<b>Other non-current assets- prepayments</b>		
FIFC Condominium	-	5.64
<b>Other current assets - Advance for supply of goods and rendering of services</b>		
FIFC Condominium	2.67	2.78
<b>Other non-current assets - advance paid for co-development of property, including development rights on land</b>		
Embassy Property Developments Private Limited (refer note 58)	13,863.03	13,998.26
<b>Receivable for rental support from a related party*</b>		
Embassy Property Developments Private Limited	1,108.78	-
<b>Receivable for sale of co-developer rights</b>		
Embassy Commercial Projects (Whitefield) Private Limited	2,712.97	-
<b>Trade receivables</b>		
Embassy Property Developments Private Limited	171.90	51.48
Embassy One Developers Private Limited	-	1.20
VTV Infrastructure Management Private Limited	88.05	-
Golflinks Embassy Business Park Management Services LLP	1.71	1.86
Wework India Management Private Limited	64.43	0.17
Others	1.44	2.32
<b>Lease deposits</b>		
Wework India Management Private Limited**	112.64	7.20
Snap Offices Private Limited	4.82	4.82
<b>Investment in Debentures</b>		
Golflinks Software Parks Private Limited	-	724.38

\*Represents rental support provided by Embassy Sponsor to SIPL as part of ETV Assets acquisition starting quarter ended March 31, 2021 until the quarter ending March 31, 2022 (after which lease rentals are expected to commence from ETV Block 9).

\*\*MPPL has provided a guarantee to a tenant (sub-lessee) of Wework India Management Private Limited (Wework), for the security deposits paid by the sub-lessee to Wework. This guarantee has been provided based on the specific request of the sub-lessee and is backed by an independent bank guarantee received by MPPL for a similar amount and duration on behalf of Wework.



# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## 52. Employee benefits

### I Defined contribution plan

The Group has employees majorly pertaining to its Hospitality segment. The Group has defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is as under:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employer's contribution to Provident Fund	10.63	12.80
Employer's contribution to Employee State Insurance Corporation	1.94	2.00
<b>Expense recognised during the year</b>	<b>12.57</b>	<b>14.80</b>

### II Defined benefit plan

#### A Gratuity:

In accordance with applicable Indian laws, the Group provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the number of years of employment with the Group.

#### a. Reconciliation of the net defined benefit obligations

##### (i) Change in projected benefit obligation:

Particulars	As at March 31, 2021	As at March 31, 2020
Obligations at beginning of the year	5.34	4.80
Current service cost	1.90	2.04
Interest on defined benefit obligation	0.35	0.23
Past service cost	-	0.27
Benefits paid	(0.93)	(1.84)
Actuarial (gains)/ losses on obligations - due to change in assumptions	(0.81)	(0.17)
Projected benefit obligations acquired as part of business combination	-	-
<b>Obligations at the end of year</b>	<b>5.85</b>	<b>5.34</b>

##### (ii) Change in plan assets:

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Plan assets at year beginning, at fair value</b>	<b>0.06</b>	<b>0.06</b>
Expected return on plan assets (estimated)	-	-
Actuarial gain / (loss)	-	-
Interest on plan assets	-	0.00
Contributions	-	-
Benefits paid	(0.03)	-
Plan assets acquired as part of business combination	-	-
<b>Plan assets at end of the year, at fair value</b>	<b>0.03</b>	<b>0.06</b>

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## (iii) Net defined benefit obligations recognised in balance sheet:

Particulars	As at March 31, 2021	As at March 31, 2020
Closing obligations	5.85	5.34
Closing fair value of plan assets	(0.03)	(0.06)
	<b>5.82</b>	<b>5.28</b>
<b>Liability recognized in the balance sheet</b>		
<b>Net liability:</b>	5.82	5.28
Non-current	5.79	5.25
Current	0.03	0.03

As at March 31, 2021, discontinuance liability of the Group towards gratuity is ₹ 9.67 million (March 31, 2020: ₹ 9.58 million).

## b) (i) Expense recognized in statement of profit and loss:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Service cost	1.90	2.04
Interest cost	0.35	0.23
Past service cost	-	0.27
<b>Net gratuity cost</b>	<b>2.25</b>	<b>2.54</b>

## (ii) Remeasurements recognized in other comprehensive income:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial (gains)/ losses on obligations - due to change in assumptions	(0.81)	(0.16)
	<b>(0.81)</b>	<b>(0.16)</b>

## c) Other disclosures

### (i) Actuarial assumptions

Principal actuarial assumptions at the reporting date:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount rate	5.30% to 6.80%	5.30% to 6.85%
Salary increase	5.00%	5.00%
Attrition rate	2% to 5%	2% to 5%
Retirement age	58 years to 60 years	58 years to 60 years

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## (ii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	For the year ended March 31, 2021	
	Increase	Decrease
Discount rate (50 basis points movement)	(0.26)	0.39
Employee attrition rate (50 basis points movement)	(0.66)	0.90
Future salary growth (50 basis points movement)	0.40	(0.27)

  

Particulars	For the year ended March 31, 2020	
	Increase	Decrease
Discount rate (50 basis points movement)	(0.27)	0.47
Employee attrition rate (50 basis points movement)	(0.39)	0.85
Future salary growth (50 basis points movement)	0.48	(0.28)

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

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior year.

(iii) The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.

(iv) The expected future cash flows in respect of gratuity:

Projected benefits payable in future years from the reporting date	As at March 31, 2021	As at March 31, 2020
1st following year	0.11	0.10
2nd to 5th year	2.35	1.42
6th to 10th year	2.09	1.76
Beyond 10 years	10.45	14.56

# Notes

to the Consolidated Financial Statements

(all amounts in ₹ million unless otherwise stated)

## B Compensated absences:

The compensated absences cover the Group's liability for earned leave which are classified as other long-term benefits. According to the Group's policy on compensated absences, employees can encash their accumulated leave balance based on their last drawn gross salary.

### (i) Liability recognized in the balance sheet

	As at March 31, 2021	As at March 31, 2020
Non-current	-	-
Current	1.86	2.34
<b>Total</b>	<b>1.86</b>	<b>2.34</b>

### (ii) Expense recognized in statement of profit and loss:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Compensated absence expense	0.25	0.28
<b>Total</b>	<b>0.25</b>	<b>0.28</b>

### Other disclosures

Other disclosures are not provided for compensated absences, since the amount of provision for compensated absences is immaterial for the Group.

## C Risk exposure:

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

- Liquidity Risk:** The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity payments during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk.
- Change in bond yields:** Plan assets, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).
- Inflation risks:** Gratuity payments are based on last drawn salary of the employee. Increase in inflation will increase the future salary of employees, thus resulting in increase in projected benefit obligations.
- Asset Liability Mismatch or Market Risk:** The duration of the liability is longer compared to duration of assets, exposing the Group to market risk for volatilities/ fall in interest rate.

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## 53. Leases

### A. Group as a lessor

#### i. Operating leases

The Embassy Office Parks REIT Group is primarily engaged in the business of development and lease of office space and related interiors. The Group leases out its Investment property on operating leases basis.

Rental income from non-cancellable leases is recognized on a straight line basis over the term of the relevant lease. For more details on accounting as a lessor, refer note 2.2 (r).

The table below provides details regarding the lease payments as at March 31, 2021 and March 31, 2020 on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than one year	11,420.49	7,265.96
Later than one year but within five years	16,141.06	12,176.48
Later than five years	9,394.25	952.53
	<b>36,955.80</b>	<b>20,394.97</b>

The Embassy Office Parks REIT Group has entered into operating lease agreements with its lessees. The total lease rental income recognised in the Consolidated Statement of Profit and Loss for the year ended March 31, 2021 is ₹ 18,475.51 million (March 31, 2020: ₹ 16,689.99 million).

#### ii. Finance leases

The Embassy Office Parks Group has provided fit-outs to the tenants through finance leases. The total finance income on net investment in lease recognised in the Consolidated Statement of Profit and Loss for the year ended March 31, 2021 is ₹ 51.33 million (March 31, 2020: ₹ 2.28 million). The future minimum lease receipts in respect of non-cancellable lease for fit outs given on finance lease are as follows:

Particulars	As at March 31, 2021		
	Minimum lease payments	Unearned Finance Income	Present value of minimum lease payments
Not later than one year	633.60	205.85	427.74
Later than one year but within five years	1,295.48	509.56	785.92
Later than five years	696.03	235.87	460.16
	<b>2,625.11</b>	<b>951.28</b>	<b>1,673.82</b>

Particulars	As at March 31, 2020		
	Minimum lease payments	Unearned Finance Income	Present value of minimum lease payments
Not later than one year	27.01	10.13	16.88
Later than one year but within five years	14.10	5.49	8.61
Later than five years	-	-	-
	<b>41.11</b>	<b>15.62</b>	<b>25.49</b>

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## B. Group as a lessee

The Group has lease contracts for land having lease term of 90 years.

The details of the right-of-use assets (capitalised under leasehold land) held by the Group is as follows:

Particulars	Balance as on April 1, 2020	Additions during the year	Deletions during the year	Depreciation for the year	Carrying amount as at March 31, 2021
Leasehold land	308.15	-	-	6.77	301.38
<b>Total</b>	<b>308.15</b>	<b>-</b>	<b>-</b>	<b>6.77</b>	<b>301.38</b>

Particulars	Balance as on April 1, 2019	Additions during the year	Deletions during the year	Depreciation for the year	Carrying amount as at March 31, 2020
Leasehold land	312.10	-	-	3.95	308.15
<b>Total</b>	<b>312.10</b>	<b>-</b>	<b>-</b>	<b>3.95</b>	<b>308.15</b>

Refer Statement of Cash Flow for total cash outflow on account of lease payments during the year ended March 31, 2021 and March 31, 2020.

Rental expense recorded for short-term leases was Nil (March 31, 2020: Nil) for the year ended March 31, 2021.

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than one year	20.36	20.36
Later than one year but within three years	40.72	40.72
Later than three years but within five years	40.72	40.72
Later than five years	10,598.46	10,618.82

The effective interest rate for lease liabilities is 10.50%.

The Group does not face any 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.



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## 54. Deferred tax assets, deferred tax liabilities and tax expense

### (a) Deferred tax balances

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax liabilities on</b>		
Impact of difference between Property, Plant and Equipment and Investment Property as per financials and tax books	(57,381.93)	(40,014.44)
Share of profit from equity accounted investee	(5,491.62)	(5,491.62)
Financial assets and liabilities carried at amortised cost	(2.88)	(3.57)
Unbilled revenue	(99.68)	(179.58)
Fair valuation of security deposit (net of deferred income on security deposit)	(23.52)	(2.94)
Others	-	1.38
<b>Deferred tax assets on</b>		
Impact of difference between Property, Plant and Equipment and Investment Property as per financials and tax books	53.89	0.80
Fair valuation of security deposit (net of deferred income on security deposit)	10.76	5.01
Unabsorbed depreciation and carry forward losses	4,898.07	1,163.12
Tax impact of other consolidation adjustments	85.25	71.89
Tax impact of expenses incurred by the Group but allowable for tax purposes in future periods	75.37	-
Others	42.37	27.30
<b>Minimum Alternate Tax credit entitlement</b>	4,586.33	4,015.29
<b>Net Deferred Tax Asset / (Liability)</b>	<b>(53,247.59)</b>	<b>(40,407.38)</b>

(b) The unrecognised deferred tax assets amounts to ₹ 83.00 million (March 31, 2020: ₹ Nil).

### (c) Reconciliation of Effective Tax Rate

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Profit Before Tax</b>	<b>7,538.87</b>	<b>7,955.34</b>
Enacted tax rate applicable to the group	29.12%	29.12%
<b>Income tax on accounting profits</b>	<b>2,195.32</b>	<b>2,316.60</b>
<b>Reconciliation items:</b>		
Effect of Non-deductible expenses	4,117.92	2,341.42
Effect of exempt income and tax holidays	(5,307.50)	(4,422.48)
Adjustment for tax of prior years	(118.89)	(117.29)
Impact of difference in tax rate of SPVs	827.13	859.98
Deductions allowed under income tax laws but not debited to Statement of profit and loss	(453.75)	(339.78)
Expenses disallowed in prior years and allowed in current year in various SPVs under tax laws	-	34.80
Tax impact of consolidation adjustments	(816.06)	(431.22)
Adjustments on which deferred tax is not created	(162.28)	70.04
Dividend distribution tax paid by SPVs presented as current tax expense in consolidated financial statements pursuant to Ind AS requirements	-	22.83
Unrecognised deferred tax assets	83.00	-
Other Adjustments	190.45	(34.89)
<b>Tax expense at effective income tax rate</b>	<b>555.34</b>	<b>300.00</b>

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## 55. Details of utilisation of proceeds of Institutional placement as on March 31, 2021 are follows:

Objects of the issue as per the prospectus	Proposed utilisation	Actual utilisation upto March 31, 2021	Unutilised amount as at March 31, 2021
Funding of consideration for the acquisition of the ETV SPVs, including subscription to Class A equity shares in EOVP, payment of consideration to the BREP Entities and the Embassy Sponsor	34,068.14	34,068.14	-
Debt funding to the ETV SPVs for partial or full repayment or pre-payment of bank/financial institution debt and settlement of certain liabilities	1,550.00	1,550.00	-
Issue expenses	750.00	750.00	-
General purposes	483.88	84.93	398.95
<b>Total</b>	<b>36,852.02</b>	<b>36,453.07</b>	<b>398.95</b>

## 56. Details of utilisation of proceeds of issue of Embassy REIT Series II NCD 2020, Tranche A and Tranche B as on March 31, 2021 are follows:

Objects of the issue as per the prospectus	Proposed utilisation	Actual utilisation upto March 31, 2021	Unutilised amount as at March 31, 2021
Granting shareholder debt including refinance of existing debt, construction and development at underlying SPVs	13,621.31	13,621.31	-
General purposes including issue expenses	1,378.69	1,378.69	-
<b>Total</b>	<b>15,000.00</b>	<b>15,000.00</b>	<b>-</b>

## 57. Details of utilisation of proceeds of issue of Embassy REIT Series III NCD 2021 as on March 31, 2021 are follows:

Objects of the issue as per the prospectus	Proposed utilisation	Actual utilisation upto March 31, 2021	Unutilised amount as at March 31, 2021
Granting shareholder debt including refinance of existing debt, construction and development at underlying SPVs	24,500.00	24,500.00	-
General purposes including issue expenses	1,500.00	613.52	886.48
<b>Total</b>	<b>26,000.00</b>	<b>25,113.52</b>	<b>886.48</b>

## 58. Advance paid for co-development of property, including development rights of land (M3 Block A & B)

Manyata Promoters Private Limited ('MPPL') and Embassy Property Developments Private Limited ('EPDPL') entered into a co-development agreement on March 8, 2017 whereby EPDPL shall develop 1 msf M3 Block A bare shell building within Embassy Manyata campus and shall hand over to MPPL by agreed delivery date for a consideration of ₹ 6,510 million to EPDPL, of which ₹ 6,093.89 million has already been paid as of March 31, 2021 (March 31, 2020: ₹ 6,229.20 million). Further, MPPL has appointed EPDPL as the development manager, to convert the bare shell buildings to

warm shell for a development management fee of ₹ 40 million to EPDPL along with an estimated cost of such conversion from bare shell to warm shell of ₹ 1,706 million, of which ₹ 40 million towards development management fees has already been paid as of March 31, 2021 and no amounts have been paid towards the warm shell conversion. In summary, EPDPL shall develop 1 msf M3 Block A warm shell building to be handed over to MPPL by agreed delivery date for a total consideration of ₹ 8,256 million, of which ₹ 6,133.89 million has already been paid as of March 31, 2021 and balance is to be disbursed linked to achievement of development milestones. EPDPL is obligated to obtain Occupancy Certificate (OC) for the

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buildings by December 2019. In case of any delay in obtaining the OC beyond the agreed delivery date, EPDPL is obligated to pay a rental compensation of ₹ 57 million per month of delay to MPPL. As of date, the bare shell building is under development and the estimated date of completion and obtaining occupancy certificate is now December 2022.

The carrying cost in the consolidated financial statements of the above advance is ₹ 9,607.18 million as at March 31, 2021 which includes one-time fair valuation gain on purchase price allocation on acquisition by the REIT.

During the year ended March 31, 2020, to further consolidate the M3 land parcel within Embassy Manyata campus, MPPL and EPDPL entered into another co-development agreement whereby EPDPL shall develop 0.6 msf M3 Block B bare shell building to be handed over to MPPL by agreed delivery date of March 31, 2022 for a total consideration of ₹ 6,767 million to EPDPL, of which ₹ 4,255.85 million has already been paid as of March 31, 2021 and balance is to be disbursed linked to achievement of development milestones. Further, MPPL has also appointed EPDPL as the development manager to obtain Occupancy Certificate (OC) for the buildings by September 2023. MPPL is obligated to pay a development management fees of ₹ 20 million and an estimated cost of conversion from bare shell to warm shell of ₹ 580 million to EPDPL of which no amounts have been paid as of date. In summary, EPDPL shall develop 0.6 msf M3 Block B warm shell building to be handed over to MPPL by agreed delivery date for a total consideration of ₹ 7,367 million, of which ₹ 4,255.85 million has already been paid as of March 31, 2021 and balance is to be disbursed linked to achievement of development milestones. Furthermore, as per the co-development agreement, during the period of construction, EPDPL is obligated to pay interest to MPPL on the amount of the Development Consideration disbursed by MPPL to EPDPL.

As per terms of both of these co-development agreements, consideration is contingent on pre-defined Net Operating Income achieved and therefore consideration will be trued up/down accordingly upon project completion.

## 59. Distributions

The Board of Directors of the Manager to the Trust, in their meeting held on April 29, 2021, have declared distribution to Unitholders of ₹ 5.60 per unit which aggregates to ₹ 5,308.20 million for the quarter ended March 31, 2021. The distributions of ₹ 5.60 per unit comprises ₹ 1.24 per unit in the form of interest payment, ₹ 2.21 per unit in the form of dividend and the balance ₹ 2.15 per unit in the form of amortization of SPV debt. Along with distribution of ₹ 13,055.89 million/ ₹ 15.88 per unit for the period ended December 31, 2020, the cumulative distribution for the year ended March 31, 2021 aggregates to ₹ 18,364.09 million/ ₹ 21.48 per unit.

60. The Board of Directors of the Manager in their meeting held on May 19, 2020 approved the composite scheme of arrangement (the "Scheme") involving MPPL, EOPPL and EPTPL. The Scheme provides for:

- a The demerger, transfer and vesting of the Techzone business of EOPPL comprising Embassy TechZone Business Park (more specifically defined as the 'TechZone Undertaking' in the Scheme) into EPTPL on a going concern basis, in consideration for which the Embassy Office Parks REIT (as shareholder of EOPPL) will be issued shares in EPTPL; followed by
- b) Amalgamation of EOPPL into MPPL, on a going concern basis.

The above scheme has been approved by National Company Law Tribunal (NCLT), Mumbai bench with an effective date of March 10, 2021. Further the scheme was approved by the Board of Approval of Special Economic Zones ("BoA") in its meeting held on March 18, 2021 and the company has filed the necessary form with ROC on March 25, 2021, for all the three entities. Upon completion of the scheme, MPPL has become a 100% Holdco of the Embassy Office Parks REIT, holding Embassy Manyata Business Park, 80% of the share capital of EEPL, 50% of the share capital of GLSP, while EPTPL has become a 100% directly-held SPV of Embassy Office Parks REIT, holding Embassy TechZone, an existing asset of the Embassy Office Parks REIT.

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The consideration paid by EPTPL and MPPL to give effect to the above consideration to Embassy REIT is as follows:-

- EPTPL shall issue and allot 1 fully paid equity share of face value of ₹ 10 each for every 1 equity share of face value of ₹ 10 each fully paid-up held in EOPPL by Embassy REIT.
- MPPL shall issue and allot 1 fully paid equity share of face value of ₹ 100 each for every 11.85 equity share of face value of ₹ 10 each fully paid-up held in EOPPL by Embassy REIT.

There is no impact to consolidated financial statements of the Group due to the above scheme of merger.

Further, for the purpose of all disclosures in the consolidated financial statements, all numbers are shown under EOPPL instead of EPTPL to facilitate comparison and ease for users of the financial statements.

- 61.** The Board of Directors of the Manager through a resolution by circulation dated January 23, 2021 approved the Scheme of Arrangement ("the Scheme") involving EOVP and VTPL. The Scheme provides for the merger/amalgamation of EOVP into VTPL (on a going concern basis). Upon the Scheme becoming effective, with effect from the Appointed Date (as defined in the Scheme), VTPL will be a 100% directly-held SPV of Embassy Office Parks REIT, holding Embassy Tech Village. This would result in a simplified holding and management structure for Embassy REIT assets and create value for Embassy REIT and its Unitholders. The Scheme has been filed with National Company Law Tribunal (NCLT), Bengaluru Bench on February 10, 2021 and is subject to receipt of necessary statutory and regulatory approvals under applicable laws, including the approval of the NCLT.

for **S R Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm's registration number: 101049W/E300004

**Adarsh Ranka**

Partner

Membership number: 209567

Place: Bengaluru

Date: April 29, 2021

for and on behalf of the Board of Directors of

**Embassy Office Parks Management Services Private Limited**

(as Manager to Embassy Office Parks REIT)

**Jitendra Virwani**

Director

DIN: 00027674

Place: Dubai

Date: April 29, 2021

**Tuhin Parikh**

Director

DIN: 00544890

Place: Boston

Date: April 29, 2021