

Scope of Review

3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Condensed Consolidated Interim Ind AS Financial Statements is free of material misstatement. A review is limited primarily to inquiries of Manager personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. The Condensed Consolidated Interim Ind AS Financial Statements includes the financial information of the following entities:

| Sl. No | Name of the entities |
|---------------|--|
| A | Parent Entity |
| 1 | Embassy Office Parks Real Estate Investment Trust |
| | |
| B | Subsidiaries |
| 1 | Embassy Office Parks Private Limited |
| 2 | Manyata Promoters Private Limited (‘MPPL’) |
| 3 | Umbel Properties Private Limited |
| 4 | Embassy-Energy Private Limited |
| 5 | Galaxy Square Private Limited |
| 6 | Quadron Business Park Private Limited |
| 7 | Qubix Business Park Private Limited |
| 8 | Oxygen Business Park Private Limited |
| 9 | Earnest Towers Private Limited |
| 10 | Vikhroli Corporate Park Private Limited |
| 11 | Indian Express Newspapers (Mumbai) Private Limited |
| | |
| C | Jointly Controlled entities |
| 1 | Golflinks Software Park Private Limited |

Conclusion

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Ind AS Financial Statements have not been prepared in all material respects in accordance with the requirements of Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India and the relevant requirements of SEBI (Real Estate Investment Trusts) Regulations, 2014 as amended from time to time read with the SEBI Circular, to the extent applicable.

Emphasis of Matter

6. We draw attention to note 48(iv) to the Condensed Consolidated Interim Ind AS Financial Statements which refers to the uncertainty in relation to the pending case in the Honourable High Court of Karnataka as at September 30, 2019 against the demand order to pay a sum of Rs.2,739.50 million (including interest and penalty demanded) towards the differential property tax payable by MPPL for the period 2008-09 to 2015-16. Pending outcome of such legal matter no provision has been made in these Condensed Consolidated Interim Ind AS Financial Statements.
7. We draw attention to note 48(iv) to the Condensed Consolidated Interim Ind AS Financial Statements which refers to the uncertainty in relation to the pending case before The Joint Commissioner, BBMP as at September 30, 2019, against the demand order to pay an outstanding sum of Rs.473.27 million towards the difference of property tax based on the total survey report of certain buildings of MPPL. Pending outcome of such legal matter no provision has been made in these Condensed Consolidated Interim Ind AS Financial Statements.

Our conclusion is not modified in respect to the above matters.

Other Matters

8. The comparative financial information of the Group for the year ended March 31, 2019 and the transition date opening balance sheet as at April 01, 2018, prepared in accordance with Ind AS, included in these Condensed Consolidated Interim Ind AS Financial Statements, have been audited by the predecessor auditor who had audited the consolidated financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening consolidated balance sheet dated August 12, 2019 expressed an unmodified opinion.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
Partner
Membership No.: 209567

UDIN:

Place: Bangalore, India
Date: November 11, 2019

C) 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

| SI No | Particulars | For the quarter ended 30 September 2019 (Unaudited) | For the quarter ended 30 June 2019 (Unaudited) | For the half year ended 30 September 2019 (Unaudited) |
|-------|--|---|--|---|
| 1 | Cash flows received from SPVs and investment entity in the form of: | | | |
| | • Interest | 2,121.29 | 1,819.29 | 3,940.58 |
| | • Dividends (net of applicable taxes) | 112.12 | - | 112.12 |
| | • Repayment of Shareholder Debt | 2,495.40 | 2,409.91 | 4,905.31 |
| | • 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 | 54.26 | 13.60 | 67.86 |
| 5 | Less: Any other expense at the Trust level and not captured herein | (3.17) | - | (3.17) |
| 6 | Less: Any fees, including but not limited to: | | | |
| | • Trustee fees | (0.74) | (0.74) | (1.48) |
| | • REIT Management Fees | (61.45) | (42.00) | (103.45) |
| | • Valuer fees | (2.36) | (2.36) | (4.72) |
| | • Legal and professional fees | (5.47) | (11.44) | (16.91) |
| | • Trademark license fees | (0.71) | - | (0.71) |
| | • Secondment fees | (0.71) | - | (0.71) |
| 7 | Less: Debt servicing | | | |
| | • Interest on external debt | - | - | - |
| | • Repayment of external debt | - | - | - |
| 8 | Less: Income tax (net of refund) and other taxes paid (as applicable) | (47.75) | (5.76) | (53.51) |
| | Net Distributable Cash Flows | 4,660.71 | 4,180.50 | 8,841.21 |

Notes:

- The Board of Directors of the Manager to the Trust, in their meeting held on 11 November 2019, have declared distribution to unitholders of Rs 6 per unit which aggregates to Rs 4,630 million for the quarter ended 30 September 2019. The distributions of Rs 6 per unit comprises Rs 2.7 per unit in the form of interest payment, Rs. 0.14 per unit in the form of dividend and the balance Rs 3.16 per unit in the form of amortization of SPV debt. Along with distribution of Rs. 5.40 per unit for the quarter ended 30 June 2019 the cumulative distribution for half year ended 30 September 2019 aggregates to Rs. 11.40 per unit.
- Repayment of short-term construction debt given to SPVs are not considered for the purpose of distributions.
- Since the Trust was listed only on 1 April 2019, the NDCF guidelines apply from that date and accordingly the comparatives are not applicable.

As per our report of even date attached

for **S R Batliboi & Associates LLP**
Chartered Accountants
Firm's registration number: 101049W/E300004

for and on behalf of the Board of Directors of
Embassy Office Parks Management Services Pvt Ltd
(as Manager to the Embassy Office Parks REIT)

Sd/-
Adarsh Ranka
Partner
Membership number: 209567
Place: Bengaluru
Date: 11 November 2019

Sd/-
Jitendra Virwani
Director
DIN: 00027674
Place: Bengaluru
Date: 11 November 2019

Sd/-
Tuhin Parikh
Director
DIN: 00544890
Place: OXPEDL
Date: 11 November 2019

Embassy Office Parks REIT

Condensed Consolidated Financial Statements

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

(all amounts in Rs. millions unless otherwise stated)



C) 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

For the quarter ended 30 September 2019 for distribution

| SI No | Particulars | EOPPL | MPPL | EEPL | UPPL | ETPL | GSPL | IENMPL | OBPPL | QBPL | QBPPL | VCPPL | Total |
|-------|---|---------------|-----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| 1 | Profit/(loss) after tax as per statement of profit and loss (standalone) (A) | 127.80 | 800.01 | (0.99) | (12.32) | 77.53 | 27.76 | 53.01 | 28.44 | (281.98) | 69.83 | 108.08 | 997.15 |
| | <i>Adjustment:</i> | | | | | | | | | | | | |
| 2 | Add/(Less): Non-cash adjustments and taxes, including but not limited to: | | | | | | | | | | | | |
| | • Depreciation, amortisation and impairment | 87.25 | 344.96 | 86.31 | 58.30 | 50.95 | 25.27 | 119.51 | 32.41 | 67.74 | (0.88) | 12.27 | 884.11 |
| | • Assets written off or liabilities written back | 0.27 | - | - | - | - | - | - | - | - | - | - | 0.27 |
| | • Current tax charge as per statement of profit and loss | (52.03) | 144.94 | (6.28) | 0.39 | 21.30 | 15.00 | 19.14 | 10.41 | 0.10 | 12.25 | - | 165.22 |
| | • Deferred tax | (91.33) | 73.96 | 1.97 | (5.17) | 33.64 | (1.30) | (5.42) | 26.99 | (23.59) | 10.53 | (0.69) | 19.59 |
| | • MAT adjustments as per statement of profit and loss | 155.02 | (128.76) | 15.24 | - | - | - | - | (10.41) | 43.98 | (9.22) | - | 65.85 |
| | • Ind AS adjustments not considered in any other item above | (31.91) | 35.53 | (4.12) | - | (25.68) | 4.13 | (6.07) | 10.08 | (3.02) | (1.87) | (54.42) | (77.36) |
| 3 | Add: Interest on shareholders debt charged to statement of profit and loss | 179.84 | 634.92 | 0.68 | 56.44 | 18.31 | 77.35 | 106.99 | 130.74 | 379.23 | 97.53 | 148.92 | 1,830.96 |
| 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. | 318.83 | 292.74 | (95.80) | 11.61 | 58.84 | 15.52 | (137.16) | (63.10) | 38.83 | (10.62) | (15.75) | 413.93 |
| 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 * | - | - | (20.46) | - | - | - | - | - | - | - | - | (20.46) |
| 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) | (41.57) | (199.75) | (7.85) | (2.03) | (28.99) | (22.52) | (33.76) | (24.09) | (34.17) | (12.53) | 28.33 | (378.92) |
| | Total Adjustments (B) | 524.37 | 1,198.53 | (30.31) | 119.55 | 128.37 | 113.45 | 63.23 | 113.03 | 469.10 | 85.18 | 118.66 | 2,903.17 |
| | Net distributable Cash Flows C = (A+B). | 652.17 | 1,998.54 | (31.30) | 107.23 | 205.90 | 141.21 | 116.23 | 141.47 | 187.12 | 155.00 | 226.74 | 3,900.32 |

Embassy Office Parks REIT

Condensed Consolidated Financial Statements

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

(all amounts in Rs. millions unless otherwise stated)



C) 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

For the quarter ended 30 June 2019 for distribution

| SI No | Particulars | EOPPL | MPPL | EEPL | UPPL | ETPL | GSPL | IENMPL | OBPPL | QBPL | QBPPL | VCPPPL | Total |
|-------|---|---------------|-----------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| 1 | Profit/(loss) after tax as per statement of profit and loss (standalone) (A) | 115.96 | 680.10 | 21.90 | (48.40) | 50.39 | 33.51 | 13.19 | 20.10 | (231.65) | 55.21 | 23.78 | 734.10 |
| | <i>Adjustment:</i> | | | | | | | | | | | | |
| 2 | Add/(Less): Non-cash adjustments and taxes, including but not limited to: | | | | | | | | | | | | |
| | • Depreciation, amortisation and impairment | 87.30 | 344.51 | 86.31 | 60.97 | 48.69 | 19.70 | 178.51 | 80.28 | 86.28 | 29.59 | 58.71 | 1,080.85 |
| | • Assets written off or liabilities written back | 4.69 | - | - | - | - | - | - | - | - | - | - | 4.69 |
| | • Current tax charge as per statement of profit and loss | 57.21 | 198.35 | 6.28 | 0.75 | 13.31 | 21.42 | 46.07 | 8.37 | - | 12.70 | - | 364.46 |
| | • Deferred tax | 72.64 | 152.05 | 7.23 | (7.57) | - | (0.79) | (7.31) | 10.31 | (26.34) | (0.43) | 20.58 | 220.37 |
| | • MAT adjustments as per statement of profit and loss | (57.21) | (126.90) | (6.28) | - | - | - | - | (8.37) | - | (8.93) | - | (207.69) |
| | • Ind AS adjustments not considered in any other item above | (7.46) | (15.22) | 3.63 | - | 16.47 | (0.32) | (15.51) | (25.81) | 0.03 | (1.58) | (99.99) | (145.76) |
| 3 | Add: Interest on shareholders debt charged to statement of profit and loss | 180.56 | 443.97 | - | 55.33 | 24.02 | 78.59 | 91.05 | 119.75 | 363.62 | 98.01 | 145.69 | 1,600.59 |
| 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. | 177.45 | 352.24 | 191.18 | (16.93) | 81.12 | 51.27 | 31.79 | 112.78 | 126.63 | 1.01 | (18.84) | 1,089.70 |
| 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 * | - | (242.04) | (22.27) | - | - | - | - | - | - | - | - | (264.31) |
| 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) | (27.58) | (115.03) | (12.53) | (1.80) | (22.21) | (18.41) | (38.87) | (22.90) | (34.81) | (14.00) | (17.63) | (325.77) |
| | Total Adjustments (B) | 487.61 | 991.93 | 253.56 | 90.75 | 161.40 | 151.46 | 285.73 | 274.40 | 515.41 | 116.37 | 88.51 | 3,417.13 |
| | Net distributable Cash Flows C = (A+B). | 603.57 | 1,672.04 | 275.46 | 42.34 | 211.79 | 184.97 | 298.92 | 294.51 | 283.76 | 171.58 | 112.29 | 4,151.23 |

C) 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

For the half year ended 30 September 2019 pursuant to guidance under Paragraph 6 to SEBI circular No. CIR/IMD/DF/146/2016

| Sl No | Particulars | EOPPL | MPPL | EEPL | UPPL | ETPL | GSPL | IENMPL | OBPPL | QBPL | QBPL | VCPL | Total |
|-------|---|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| 1 | Profit/(loss) after tax as per statement of profit and loss (standalone) (A) | 243.76 | 1,480.11 | 20.91 | (60.73) | 127.92 | 61.26 | 66.20 | 48.54 | (513.63) | 125.04 | 131.86 | 1,731.24 |
| | <i>Adjustment:</i> | | | | | | | | | | | | |
| 2 | Add/(Less): Non-cash adjustments and taxes, including but not limited to: | | | | | | | | | | | | |
| | • Depreciation, amortisation and impairment | 174.55 | 689.47 | 172.62 | 119.27 | 99.64 | 44.97 | 298.02 | 112.69 | 154.03 | 28.70 | 70.98 | 1,964.94 |
| | • Assets written off or liabilities written back | 4.96 | | | | | | | | | | | 4.96 |
| | • Current tax charge as per statement of profit and loss | 5.18 | 343.30 | - | 1.14 | 34.61 | 36.42 | 65.21 | 18.78 | 0.10 | 24.94 | - | 529.68 |
| | • Deferred tax | (18.69) | 226.01 | 9.21 | (12.73) | 33.64 | (2.09) | (12.72) | 37.30 | (49.93) | 10.10 | 19.88 | 239.98 |
| | • MAT adjustments as per statement of profit and loss | 97.81 | (255.66) | 8.96 | - | - | - | - | (18.78) | 43.98 | (18.15) | - | (141.84) |
| | • Ind AS adjustments not considered in any other item above | (39.37) | 20.31 | (0.49) | - | (9.21) | 3.82 | (21.58) | (15.73) | (3.00) | (3.45) | (154.41) | (223.11) |
| 3 | Add: Interest on shareholders debt charged to statement of profit and loss | 360.41 | 1,078.89 | 0.68 | 111.77 | 42.33 | 155.94 | 198.03 | 250.49 | 742.85 | 195.54 | 294.61 | 3,431.54 |
| 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. | 496.28 | 644.97 | 95.38 | (5.32) | 139.96 | 66.79 | (105.38) | 49.68 | 165.47 | (9.61) | (34.59) | 1,503.63 |
| 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 * | - | (242.04) | (42.73) | - | - | - | - | - | - | - | - | (284.77) |
| 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) | (69.15) | (314.78) | (20.38) | (3.83) | (51.20) | (40.93) | (72.63) | (46.99) | (68.98) | (26.53) | 10.70 | (704.70) |
| | Total Adjustments (B) | 1,011.98 | 2,190.47 | 223.25 | 210.30 | 289.77 | 264.92 | 348.95 | 387.44 | 984.52 | 201.54 | 207.17 | 6,320.31 |
| | Net distributable Cash Flows C = (A+B) | 1,255.74 | 3,670.58 | 244.16 | 149.57 | 417.69 | 326.18 | 415.15 | 435.98 | 470.88 | 326.58 | 339.03 | 8,051.55 |

* Repayment of borrowings done 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 funding from REIT to SPVs upon ultimate availment of external credit facility are not considered for NDCF computation.

1 Since the Trust was listed on 1 April 2019, the NDCF guidelines apply from that date and accordingly the comparatives are not applicable.

2 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

Firm's registration number: 101049W/E300004

Sd/-

Adarsh Ranka

Partner

Membership number: 209567

Place: Bengaluru

Date: 11 November 2019

for and on behalf of the Board of Directors of

Embassy Office Parks Management Services Pvt Ltd

(as Manager to the Embassy Office Parks REIT)

Sd/-

Jitendra Virwani

Director

DIN: 00027674

Place: Bengaluru

Date: 11 November 2019

Sd/-

Tuhin parikh

Director

DIN: 00544890

Place: Mumbai

Date: 11 November 2019

1. Organisation structure

The interim condensed consolidated financial statements ('Condensed Consolidated Financial Statements') comprise condensed financial statements of Embassy Office Parks Real Estate Investment Trust (the 'Embassy Office Parks REIT' or the 'Trust' or the 'Embassy 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 ('QBPPL'), Oxygen Business Park Private Limited ('OBPPL'), Earnest Towers Private Limited ('ETPL'), Vikhroli Corporate Park Private Limited ('VCPPL') and Indian Express Newspapers (Mumbai) Private Limited ('IENMPL') (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 (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 3 August 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 SPVs by acquiring all the equity interest held by the Embassy Sponsor, Blackstone Sponsor and Blackstone Sponsor Group and certain other shareholders on 22 March 2019. In exchange for these equity interests, the above shareholders have been allotted 613,332,143 Units of Embassy Office Parks REIT valued at Rs. 300 each. These Units were subsequently listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 1 April 2019.

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

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

Embassy Office Parks REIT
Condensed Consolidated Financial Statements
Notes to Accounts (continued)
(all amounts in Rs. millions unless otherwise stated)



Details of the SPVs is provided below:

| Name of the SPV | Activities | Shareholding (in percentage) upto 21 March 2019 | Shareholding (in percentage) from 22 March 2019 |
|------------------------|---|---|--|
| EOPPL | Development and leasing of office space and related interiors (Embassy Tech Zone), located at Pune along with being an intermediate Embassy Office Parks investment company for the Embassy Office Parks Group. | Embassy Property Developments Private Limited (EPDPL): 50.00% EPDPL together with Jitendra Virwani: 0.00% (1 Share) SG Indian Holding (NQ) Co I Pte. Ltd: 49.75% SG Indian Holding (NQ) Co II Pte. Ltd: 0.03% SG Indian Holding (NQ) Co III Pte. Ltd: 0.22% | Embassy Office Parks REIT : 100% |
| MPPL | Development and leasing of office space and related interiors (Embassy Manyata), located at Bangalore. | EOPPL : 35.77% BRE/Mauritius Investments: 36.97% Reddy Veeranna: 27.00% Suguna Reddy: 0.26% | EOPPL : 35.77% Embassy Office Parks REIT : 64.23% |
| UPPL | Development, rental and maintenance of serviced residences (Hilton hotel). | EPDPL: 58% D M Estates Private Limited: 29% Golflinks Properties Private Limited: 13% | 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% EPDPL: 10% Rana George: 10% | EOPPL: 80% 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. | BREP GML Holding (NQ) Pte. Ltd.: 79.62% BREP VII GML Holding (NQ) Pte. Ltd.: 19.89% BREP Asia SBS GML Holding (NQ) Ltd.: 0.38% BREP VII SBS GML Holding (NQ) Ltd.: 0.11% | Embassy Office Parks REIT : 100% |
| QBPL | Development and leasing of office space and related interiors and maintenance of such assets (Embassy Quadron), located in Pune. | BRE/Mauritius Investments II: 99.99% Kunal Shah: 0.01% | Embassy Office Parks REIT : 100% |

Embassy Office Parks REIT
Condensed Consolidated Financial Statements
Notes to Accounts (continued)
(all amounts in Rs. millions unless otherwise stated)



| Name of the SPV | Activities | Shareholding (in percentage) upto 21 March 2019 | Shareholding (in percentage) from 22 March 2019 |
|------------------------|---|---|--|
| QBPPL | Development and leasing of office space and related interiors and maintenance of such assets (Embassy Qubix), located in Pune. | BREP NTPL Holding (NQ) Pte. Ltd.: 79.62% BREP VII NTPL Holding (NQ) Pte. Ltd.: 19.89% BREP VII SBS NTPL Holding (NQ) Ltd.: 0.38% BREP VII NTPL Holding (NQ) Ltd.: 0.11% | 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. | BREP Asia SG Oxygen Holding (NQ) Pte. Ltd.: 79.61% BREP VII SG Oxygen Holding (NQ) Pte. Ltd.: 19.89% BREP Asia SBS Oxygen Holding (NQ) Ltd.: 0.39% BREP VII SBS Oxygen Holding (NQ) Ltd.: 0.11% | 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. | India Alternate Property Limited: 95.23% Premsagar Infra Reality Private Limited: 2.51% Hiranandani Properties Private Limited: 2.26% | Embassy Office Parks REIT : 100% |
| VCPPL | Development and leasing of office space and related interiors and maintenance of such assets (Embassy 247), located in Mumbai. | BREP Asia HCC Holding (NQ) Pte Ltd.: 79.81% BREP VII HCC Holding (NQ) Pte Ltd.: 19.89% BREP Asia SBS HCC Holding (NQ) Ltd.: 0.19% BREP VII SBS HCC Holding (NQ) Ltd.: 0.11% | 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. | Panchshil Techpark Private Limited: 51.07% BREP Asia SG Indian Holding (NQ) Co II Pte Limited: 37.27% BREP VII SG Indian Holding (NQ) Co II Pte Limited: 9.31% Shekhar Gupta jointly with Ms. Neelam: 2.11% BREP Asia SBS Holding (NQ) Co. XI Ltd.: 0.18% BREP VII SBS Holding (NQ) Co. XI Ltd.: 0.05% | Embassy Office Parks REIT : 100% |

2. Significant accounting policies

2.1 Basis of preparation of condensed consolidated financial statements

The Condensed Consolidated Financial Statements of the Embassy Office Parks Group comprises the Consolidated Balance Sheet, the Statement of Net assets at fair value as at 30 September 2019, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Statement of Cash Flow, the Statement of Net Distributable Cash flows of the REIT and each of the underlying SPV's for the quarter and half year ended 30 September 2019, the Consolidated Statement of Changes in Unitholders' Equity, the Statement of Total returns at fair value and a summary of significant accounting policies and select explanatory information for the half year ended 30 September 2019. The Condensed Consolidated Financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Manager on behalf of the Trust on 11 November 2019. The Condensed 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 read with SEBI Circular No. CIR/IMD/DF/146/2016 dated December 29, 2016 ("SEBI Circular"); Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India, to the extent not inconsistent with SEBI Circular.

Embassy Office Parks Group has prepared condensed consolidated financial statements which comply with Ind AS applicable for period ending on 30 September 2019, together with the comparative period data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these condensed consolidated financial statements, Embassy Office Parks Group's opening balance sheet was prepared as at 1 April 2018, which is the date of transition to Ind AS. Since no consolidated financial statements were prepared under the Companies (Accounts) Rules, 2014 (Previous GAAP), disclosures of the reconciliation from Previous GAAP to Ind AS does not arise.

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

Statement of compliance to Ind-AS

These Condensed Consolidated Financial Statements for the quarter and half year ended 30 September 2019 are the financial statements of the Embassy Office Parks Group and have been prepared in accordance with Indian Accounting Standards (Ind AS) 34 "Interim Financial Reporting" read with 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 SEBI Circular.

The Condensed Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances except for the change in policy for recognition of leases under Ind AS 116 as referred in note 2.2(q). 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. period ended on 30 September 2019.

Basis of Consolidation

(i) Subsidiaries

The Embassy Office Parks Group consolidates entities which it owns or controls. The Condensed 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.

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

- a) The Condensed 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 Condensed 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 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 condensed 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 Condensed Consolidated Financial Statements.

Dividends received or receivable from associates and 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 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.

During the year ended 31 March 2018, the statutory auditors of GLSP had modified their audit for non-compliance with Section 185 of the Companies Act, 2013 in respect of a loan aggregating Rs. 190.00 million provided by GLSP to a private company which had common directors. The loan was repaid during the year ended 31 March 2019 and the non-compliance was duly rectified.

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 condensed 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.

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.

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.

2.2 Summary of significant accounting policies

a) Functional and presentation currency

The Condensed 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 Condensed 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; and
- The assets and liabilities of the SPVs on the date of acquisition have been accounted using their Fair value and accordingly the goodwill / capital reserve amount has been calculated.

c) Use of judgments and estimates

The preparation of Condensed 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 Condensed Consolidated Financial Statements is included in the following notes:

i) Business combinations and impairment of Goodwill

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.

For the purpose of impairment testing, goodwill 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 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. The discounted cash flow method involves estimating future cash flows, growth rates and discount rates which require significant management judgement - Note 2.2 (j)

- ii) Classification of lease arrangements as finance lease or operating lease - Note 2.2 (q)
- iii) Classification of assets as investment property or as property, plant and equipment – Notes 2.2 (f) and (g)
- iv) 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 (u) (ii)
- v) Judgements in preparing Condensed Consolidated Financial Statements– Note 2.1

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment during the quarter and half year ended 30 September 2019 is included in the following notes-

- i) Determining fair value of Investment Properties- The fair value of investment properties is 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
- 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 (m)
- 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(u)(ii).

d) Current versus non-current classification

The Embassy Office Parks Group presents assets and liabilities in the Condensed 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 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 properties

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.

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 fixed assets 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. 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 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 |
| 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.

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 to the period over which the asset is expected to generate net cash inflows for the SPV's excluding EEPL.

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.

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 fixed assets purchased or sold during the year.

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. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's CGU expected to benefit from the synergies arising from the business combination.

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.

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.

l) Financial instruments

i) 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 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. |
|-----------------------------|---|

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 Condensed 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 expire.

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 Condensed 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) 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 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 30 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.

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.

o) 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.

p) 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 loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted as contributions and recognised as part of the cost of investment.

q) Leases

Policy applicable with effect from 1 April 2019

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.

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. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

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. 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.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1 April 2019, the Embassy Office Parks Group has adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method prescribed in para C8(b)(ii) to ongoing leases as on 1 April 2019. The right of use asset and lease liability of has been recognized on the date of initial application i.e. 1 April 2019. Accordingly, the comparatives have not been restated and hence not comparable with previous period figures.

Embassy Office Parks Group as a lessor

The Embassy Office Parks Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub – lease in a joint venture. The Embassy Office Parks Group accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Embassy Office Parks Group as a lessor does not have any impact on account of sub-lease on the application of this standard.

Embassy Office Parks Group as lessee

Ind AS 116 requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance lease under Ind AS 17.

On transition, the Embassy Office Parks Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar end date. 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.

On transition, the Embassy Office Parks Group recognised a lease liability measured at the present value of the remaining lease payments.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

r) 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 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 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.

ii) Income from finance lease

The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

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 (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.

s) 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.

t) 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.

u) 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 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.

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.

(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.

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.

v) 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.

w) 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.

x) **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 condensed 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.

y) **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.

z) **Cash distribution to unit holders**

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.

aa) **Consolidated Statement of Cash flows**

Consolidated Cash flows are reported using the indirect method, whereby net profit before 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.

ab) **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 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.

ac) Earnings before finance costs, depreciation, amortisation and income tax

The Embassy Office Parks Group has elected to present earnings before finance cost, depreciation, amortisation and income 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 and income 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, finance costs, share of profit of equity accounted investees and tax expense.

3 Property, plant and equipment

Reconciliation of carrying amounts for the half year ended 30 September 2019

| Particulars | Land-freehold (refer note ii) | Buildings | Plant and machinery | Furniture and fixtures | Electrical equipment | Office equipment | Computers | Operating supplies | Vehicles | Total |
|--|----------------------------------|-----------------|------------------------|---------------------------|-------------------------|---------------------|--------------|-----------------------|--------------|------------------|
| Gross block (cost or deemed cost) | | | | | | | | | | |
| At 1 April 2018 | - | - | - | - | - | - | - | - | - | - |
| Additions due to business combination* | 6,087.66 | 7,057.90 | 7,137.51 | 485.32 | 448.83 | 17.26 | 11.51 | 11.62 | 37.89 | 21,295.50 |
| Deletion | - | - | - | - | - | - | - | - | - | - |
| At 31 March 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 |
| At 1 April 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 |
| Addition for the half-year ended | 317.87 | - | 0.78 | 0.72 | - | 0.22 | 2.99 | - | 0.39 | 322.97 |
| Deletion | - | - | - | 0.06 | - | - | - | 0.84 | - | 0.90 |
| At 30 September 2019 | 6,405.53 | 7,057.90 | 7,138.29 | 485.98 | 448.83 | 17.48 | 14.50 | 10.78 | 38.28 | 21,617.57 |
| Accumulated depreciation | | | | | | | | | | |
| At 1 April 2018 | - | - | - | - | - | - | - | - | - | - |
| Charge for the year | - | - | - | - | - | - | - | - | - | - |
| At 31 March 2019 | - | - | - | - | - | - | - | - | - | - |
| At 1 April 2019 | - | - | - | - | - | - | - | - | - | - |
| Charge for the half-year ended | - | 65.03 | 201.75 | 39.56 | 28.72 | 8.46 | 5.34 | 5.43 | 2.43 | 356.71 |
| At 30 September 2019 | - | 65.03 | 201.75 | 39.56 | 28.72 | 8.46 | 5.34 | 5.43 | 2.43 | 356.71 |
| Carrying amount (net) | | | | | | | | | | |
| As at 31 March 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 |
| As at 30 September 2019 | 6,405.53 | 6,992.87 | 6,936.54 | 446.42 | 420.11 | 9.02 | 9.16 | 5.35 | 35.85 | 21,260.86 |

*Above assets have been acquired as part of business combination. Refer note 2.1 Basis for consolidation and note 50

- i Post acquisition of the SPV's, 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 for across its SPV's.
- ii. The solar plant has been constructed on 465.77 acres of land, the title for 254.47 acres is registered in name of EEPL and balance 211.30 acres is in process of registration. The aggregate value for balance portion of land (211.30 acres) is Rs 134.55 million and will be capitalised upon registration.

4 Capital work-in-progress

| Particulars | As at | | As at |
|----------------------------------|-------------------|-----------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| MPPL-Hilton Hotel (Front Parcel) | 1,857.85 | 1,220.52 | - |
| | 1,857.85 | 1,220.52 | - |

5 Investment property

Reconciliation of carrying amounts for the half year ended 30 September 2019

| Particulars | Land-freehold | Land-leasehold (Refer notes) | Buildings | Plant and machinery | Furniture and fixtures | Electrical equipment | Office equipment | Vehicle | Computer | Total |
|--|------------------|---------------------------------|------------------|------------------------|---------------------------|-------------------------|---------------------|-------------|-------------|-------------------|
| Gross block (cost or deemed cost) | | | | | | | | | | |
| At 1 April 2018 | - | - | - | - | - | - | - | - | - | - |
| Additions due to business combination* | 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 |
| Disposals | | | | | | | | | | |
| At 31 March 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 |
| At 1 April 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 | 1,050.86 | 312.10 | 375.47 | 2.63 | 15.25 | 5.93 | 0.41 | - | 0.01 | 1,762.66 |
| Disposals | - | - | - | (14.55) | (3.31) | (5.02) | - | - | (0.41) | (23.29) |
| Adjustments (refer note i and vi) | 10,284.81 | (10,446.41) | - | 161.60 | - | - | - | - | - | 0.00 |
| At 30 September 2019 | 75,183.37 | 28,227.18 | 76,200.18 | 8,374.54 | 1,327.84 | 1,922.97 | 44.74 | 5.23 | 2.29 | 191,288.34 |
| Accumulated depreciation | | | | | | | | | | |
| At 1 April 2018 | - | - | - | - | - | - | - | - | - | - |
| Charge for the year | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - |
| At 31 March 2019 | - | - | - | - | - | - | - | - | - | - |
| Charge for the half-year ended | - | 298.01 | 1,180.11 | 470.40 | 187.57 | 241.16 | 17.41 | 3.35 | 0.83 | 2,398.84 |
| At 30 September 2019 | - | 298.01 | 1,180.11 | 470.40 | 187.57 | 241.16 | 17.41 | 3.35 | 0.83 | 2,398.84 |
| Carrying amount (net) | | | | | | | | | | |
| As at 31 March 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 |
| As at 30 September 2019 | 75,183.37 | 27,929.17 | 75,020.07 | 7,904.14 | 1,140.27 | 1,681.81 | 27.33 | 1.88 | 1.46 | 188,889.50 |

*Above assets have been acquired as part of business combination. Refer note 2.1 Basis for consolidation and note 50.

- i. **MPPL** - The Embassy Manyata SPV had entered into land lease agreement with Karnataka Industrial Area Development Board (KIADB) for a period of 10 years from the lease date. As per the lease agreement KIADB could sell the land to MPPL at any time during the tenure of the lease or on expiry of the lease period for an additional consideration, if any which had to be decided at the time of entering into sale agreement. Considering that the title to the said land was to be transferred to MPPL under the agreement, it had classified the land as a finance lease and no depreciation was charged on the same. During the year ended 31 March 2019, the said land has been converted into freehold land by executing a sale agreement. Further, during the half year ended 30 September 2019, cost of freehold of Rs. 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 & 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 recent 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 Rs.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 Rs.909.46 million, a sum of Rs. 756.41 has been capitalized as a part of land and the balance has been capitalized towards building.
- vii. **QBPL**: The leasehold land for Embassy Quadron is taken from MIDC for a lease term of 95 years. As per the lease agreement the Company can renew the lease for a further period of 95 years. Further, the SPV entered into Business Transfer Agreement (BTA) with Embassy One Developer Pvt Ltd on 11 March 2019, through Business Transfer Agreement. QBPL has purchased assets and liabilities for Hotel Business and Commercial Business from Embassy One Developer Pvt Ltd. Refer note no 49.
- viii. Post acquisition of the SPV's, the Embassy Office Parks Group has revisited the useful life of the investment properties 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 SPV's.
- ix. 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.
 - x. The investment property have been leased out to lessees / held for lease on operating lease basis.
 - xi. 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.
 - xii. Additions to investment property and investment property under development include borrowing cost at a capitalisation rate which is the SPV specific " Weighted Average Borrowing Cost" (WABC).

6 Goodwill (refer note 2.1 b, note 49 and note 50)
As at 30 September 2019 and 31 March 2019

| SPV | Consideration Transferred | Fair value of net assets | Goodwill |
|--------------|---------------------------|--------------------------|------------------|
| MPPL | 48,790.52 | 37,774.36 | 11,016.16 |
| EOPPL | 62,768.25 | 50,854.97 | 11,913.28 |
| EEPL | 732.79 | 464.95 | 267.84 |
| UPPL | 2,841.67 | 2,151.80 | 689.87 |
| ETPL | 12,138.78 | 9,239.55 | 2,899.23 |
| GSPL | 4,662.50 | 2,700.39 | 1,962.11 |
| IENMPL | 13,210.97 | 7,139.40 | 6,071.57 |
| OBPPL | 12,308.89 | 5,779.40 | 6,529.49 |
| QBPPPL | 5,595.08 | 3,998.26 | 1,596.82 |
| QBPL | 13,689.26 | 9,201.53 | 4,487.73 |
| VCPPL | 10,710.94 | 6,445.82 | 4,265.12 |
| Total | 187,449.65 | 135,750.43 | 51,699.22 |

7 Other intangible assets

Reconciliation of carrying amounts for the half year ended 30 September 2019

| Particulars | Power Purchase Agreement* | Right to use trade mark | Computer software | Total |
|---|---------------------------|-------------------------|-------------------|-----------------|
| Gross Block | | | | |
| At 1 April 2018 | - | - | - | - |
| Additions due to business combination * | 3,348.00 | 1,647.91 | 22.87 | 5,018.78 |
| At 31 March 2019 | 3,348.00 | 1,647.91 | 22.87 | 5,018.78 |
| At 1 April 2019 | 3,348.00 | 1,647.91 | 22.87 | 5,018.78 |
| Addition during the period | - | - | 1.94 | 1.94 |
| At 30 September 2019 | 3,348.00 | 1,647.91 | 24.81 | 5,020.72 |
| Accumulated amortisation | | | | |
| At 1 April 2019 | - | - | - | - |
| Amortisation for the period | 72.79 | - | 7.28 | 80.07 |
| Adjustments | - | - | - | - |
| At 30 September 2019 | 72.79 | - | 7.28 | 80.07 |
| Carrying amount (net) | | | | |
| As at 31 March 2019 | 3,348.00 | 1,647.91 | 22.87 | 5,018.78 |
| As at 30 September 2019 | 3,275.21 | 1,647.91 | 17.53 | 4,940.65 |

* refer note 50

8 Investment property under development (IPUD)

IPUD mainly comprises upcoming buildings in various properties. The details are as follows:

| SPV | Nature | As at | As at | As at |
|--------------------------------|------------------------|-------------------|-----------------|--------------|
| | | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Base build | | | | |
| MPPL | Front Parcel NXT block | 2,626.13 | 1,680.97 | - |
| MPPL | Other blocks | 82.44 | - | - |
| OBPL | Tower 2 | 1,812.83 | 1,099.28 | - |
| EOPPL | Hudson block | 67.72 | 42.56 | - |
| EOPPL | Ganges block | 20.64 | 16.45 | - |
| Infrastructure Upgrades | | | | |
| MPPL | Flyover | 423.24 | 71.53 | - |
| MPPL | Master plan upgrade | 788.65 | 593.14 | - |
| EOPPL | Master plan upgrade | 233.60 | 101.39 | - |
| VCPPL | Façade work | 218.98 | 175.92 | - |
| Others | Others | 73.88 | 16.01 | - |
| | | 6,348.11 | 3,797.25 | - |

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9 Equity accounted investee

| Particulars | As at | As at | As at |
|--|--------------------------|----------------------|---------------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| <i>Investment in joint venture</i> | | | |
| Golflinks Software Park Private Limited - 10,000 (31 March 2019 - 10,000) equity share of Rs 10 each, fully paid up | 24,001.03 | 23,574.23 | - |
| | 24,001.03 | 23,574.23 | - |
| Goodwill on acquisition included as a part of carrying cost | 10,449.36 | 10,449.36 | - |
| | As at | As at | As at |
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Percentage ownership interest | 50% | 50% | - |
| Fair value of net assets on Purchase Price Allocation | 27,457.57 | 26,247.74 | - |
| Embassy Office Parks Group's share of net assets (50%) | 13,728.78 | 13,123.87 | - |
| Carrying amount of interest (including goodwill) | 24,001.03 | 23,574.23 | - |

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(all amounts in Rs. millions unless otherwise stated)

10 Non-current investments

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|---|----------------------------|------------------------|-----------------------|
| Trade, unquoted, at amortised cost | | | |
| Investment in preference shares | | | |
| Manyata Projects Private Limited | 156.98 | 156.98 | |
| 15,698,440 (31 March 2019: 15,698,440) 0.01% optionally convertible redeemable preference shares of Rs 10 each, fully paid-up | | | |
| Less: Impairment | (156.98) | (156.98) | |
| Non-trade investments measured at fair value through profit and loss | | | |
| Unquoted | | | |
| Investment in mutual funds ** | | | |
| SBI Magnum Instacash Fund-Growth Option | - | 313.96 | - |
| IDFC Cash Fund - Growth Direct Plan | - | 175.33 | - |
| | - | 489.29 | - |

** These mutual fund balances are held as lien towards Debt Service Reserve requirement for loan taken.

| | | | |
|--|--------|--------|---|
| Investments measured at amortised cost | - | - | - |
| Investments measured at fair value through profit or loss | - | 489.29 | - |
| Aggregate amount of impairment recognised | 156.98 | 156.98 | - |

11 Current investments

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|--|----------------------------|------------------------|-----------------------|
| Trade, unquoted, at amortised cost | | | |
| Investment in debentures of joint venture (refer note 53) and (i) below | 1,630.99 | - | - |
| 2,500 (31 March 2019: Nil) 8.5% debentures of Rs 1 million each (current portion). | | | |
| Non-trade investments measured at fair value through profit and loss | | | |
| Unquoted, Investment in mutual funds | | | |
| HDFC Liquid Fund - Growth Option | 100.34 | 285.05 | - |
| ICICI Prudential Liquid Fund - Growth Option | 560.73 | 285.61 | - |
| Aditya Birla Sunlife Liquid Fund - Growth Option | 475.59 | - | - |
| Franklin India Liquid Fund - Growth Option | 59.63 | - | - |
| SBI Liquid Fund Regular - Growth Option | - | 722.39 | - |
| SBI Liquid Fund Direct - Growth Option | 5.17 | - | - |
| SBI Magnum Instacash Fund - Growth Option | 7.76 | 14.78 | - |
| Axis Liquid Fund - Growth Option | 2,057.91 | - | - |
| Reliance Liquid Fund - Growth Option | 0.10 | - | - |
| SBI Magnum Insta Cash Fund - Growth Option | 36.26 | 147.75 | - |
| IDFC Cash Fund - Growth Option | 2,274.69 | - | - |
| | 7,209.17 | 1,455.58 | - |

- i) 2,500 (31 March 2019 : Nil) unlisted, unrated, secured redeemable, non-convertible debentures of Golflinks Software Parks Private Limited with face value of Rs.10,00,000 each. Outstanding as on 30 September 2019 Rs.1,630.99 millions (31 March 2019:Nil).

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 Rs. 160.00 million each and 17th instalment of Rs. 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 measured at amortised cost | 1,630.99 | - | - |
| Investment measured at fair value through profit and loss | 5,578.19 | 1,455.58 | - |

Non-current financial assets

12 Loans

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|-----------------------------------|----------------------------|------------------------|-----------------------|
| <i>Unsecured, considered good</i> | | | |
| Security deposits | | | |
| - others | 592.08 | 583.63 | - |
| | 592.08 | 583.63 | - |

13 Other financial assets

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|---|----------------------------|------------------------|-----------------------|
| <i>Unsecured, considered good</i> | | | |
| Fixed deposits with banks* | 902.55 | 2,144.06 | - |
| Unbilled revenue (refer note 53) | 191.52 | - | - |
| Interest accrued but not due | | | |
| - from fixed deposits | 7.71 | 8.90 | - |
| Receivable under finance lease | 19.33 | 63.58 | - |
| Other receivables | 73.82 | - | - |
| | 1,194.93 | 2,216.54 | - |
| * Includes fixed deposits held as lien against loan availed and margin money for bank | 902.55 | 2,098.06 | - |

14 Non-current tax assets (net)

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|---------------------------------------|----------------------------|------------------------|-----------------------|
| Advance tax, net of provision for tax | 1,550.71 | 1,418.90 | - |
| | 1,550.71 | 1,418.90 | - |

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15 Other non-current assets

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|---|----------------------------|------------------------|-----------------------|
| <i>Unsecured, considered good</i> | | | |
| Advance paid for co-development of a property, including development rights on land (refer note 53) | 9,046.36 | 8,774.00 | - |
| Other capital advances | | | |
| - related party (refer note 53) | 463.68 | 340.32 | - |
| - others | 816.33 | 1,073.62 | - |
| Balances with government authorities | 210.46 | 237.68 | - |
| Paid under protest to government authorities (refer note 48) | 674.48 | 674.51 | - |
| Prepayments | 81.80 | 90.56 | - |
| | 11,293.11 | 11,190.69 | - |

Note: The amount includes fair value of advance paid (Rs 8,774 million) to Embassy Property Developments Private Limited (EPDPL) under various composite agreements. As per the said composite agreements, MPPL shall pay an amount of Rs 6,550 million to EPDPL as consideration for co-development of a bare shell building for MPPL (M3 block). Aforesaid Rs 6,550 million is towards development consideration, one time lease premium, development fee and construction of bare shell building.

16 Inventories (valued at lower of cost and net realisable value)

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|----------------------|----------------------------|------------------------|-----------------------|
| Stock of consumables | 11.14 | 5.42 | - |
| | 11.14 | 5.42 | - |

17 Trade receivables

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|---|----------------------------|------------------------|-----------------------|
| <i>Unsecured</i> | | | |
| Considered good (refer note 53) | 366.24 | 335.86 | - |
| Credit impaired | 42.45 | 42.58 | - |
| Less: Allowances for impairment losses | (42.45) | (42.58) | - |
| | 366.24 | 335.86 | - |

18 Loans

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|-----------------------------------|----------------------------|------------------------|-----------------------|
| <i>Unsecured, considered good</i> | | | |
| Security deposits | | | |
| - related party (refer note 53) | 165.36 | 953.64 | - |
| - others | 1.28 | 2.32 | - |
| | 166.64 | 955.96 | - |

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19A Cash and cash equivalents

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|--|----------------------------|------------------------|-----------------------|
| Cash on hand | 0.92 | 0.48 | - |
| Balances with banks | | | |
| - in current accounts | 1,036.19 | 3,449.14 | - |
| - in escrow accounts* | 81.33 | 45,580.11 | - |
| - in deposit accounts with original maturity of less than three months | 466.13 | 583.02 | - |
| | 1,584.57 | 49,612.75 | - |

* Represents balance Nil (31 March 2019 - Rs. 42,818.03 million) from proceeds of initial public offer of REIT Units (Total proceeds Rs. 47,499.96 million). As at 31 March 2019, this amount held in the Escrow account could be withdrawn for specific purposes.

19B Other bank balances

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|--|----------------------------|------------------------|-----------------------|
| Balances with banks | | | |
| - in fixed deposit accounts with original maturity greater than three months and maturity less than twelve months from the reporting date | 860.79 | 1,455.99 | - |
| | 860.79 | 1,455.99 | - |
| Deposit for availing letter of credit facilities | 295.68 | 750.17 | - |
| Deposit are lien marked towards the performance guarantee of EEPL towards Karnataka renewable energy development Limited (KREDL) and Karnataka Power Transmission Corporation Limited (KPTCL). | 1.00 | 1.00 | - |

20 Other financial assets

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|-----------------------------------|----------------------------|------------------------|-----------------------|
| <i>Unsecured, considered good</i> | | | |
| Interest accrued but not due | | | |
| - on fixed deposits | 19.89 | 21.63 | - |
| - on statutory deposits | 29.48 | 31.97 | - |
| - on others | 13.44 | 2.03 | - |
| Unbilled revenue (refer note 53) | 361.94 | 192.33 | - |
| Unbilled maintenance charges | 99.67 | 71.54 | - |
| Receivable under finance lease | 37.29 | 73.94 | - |
| Other receivables | | | |
| - related parties (refer note 53) | 237.77 | 225.22 | - |
| - others | 20.41 | 131.55 | - |
| | 819.89 | 750.21 | - |

21 Other current assets

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|---|----------------------------|------------------------|-----------------------|
| <i>Unsecured, considered good</i> | | | |
| Advance for supply of goods and rendering of services | | | |
| - to others | 28.22 | 22.08 | - |
| Balances with government authorities | 193.49 | 212.65 | - |
| Prepayments (refer note 53) | 353.20 | 85.66 | - |
| Other advances | 13.05 | 2.11 | - |
| | 587.96 | 322.50 | - |

22 Unit Capital

| A. Unit Capital | No in Million | Amount |
|--|---------------|-------------------|
| As at 1 April 2018 | - | - |
| Units issued during the year | | |
| - pursuant to the initial public offer, issued, subscribed and fully paid-up in cash (refer note ii below) | 158.34 | 47,499.96 |
| - in exchange for equity interest in SPVs (refer note iii below) | 613.33 | 183,999.64 |
| Less: Issue expenses (refer note below) | - | (2,460.34) |
| Closing balance as at 31 March 2019 | 771.67 | 229,039.26 |
| As at 1 April 2018 | 771.67 | 229,039.26 |
| Units issued during the year | - | - |
| Add: Reversal of issue expenses no longer payable (refer note below) | - | 81.70 |
| Closing balance as at 30 September 2019 | 771.67 | 229,120.96 |

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 as at 31 March 2019 in accordance with Ind AS 32 - Financial Instruments: Presentation. Further, during the half year ended 30 September 2019, excess provision no longer payable, has been reversed amounting to Rs.81.70 million.

(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 Investment Manager approves dividend distributions. The distribution will be in proportion to the number of Units held by the Unitholders. The Trust declares and pays dividends 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 29 December 2016 and No. CIR/IMD/DF/141/2016 dated 26 December 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 26 December 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 Investment Manager.

- (ii) Initial Public Offering of 158,333,200 Units for cash at price of Rs. 300 per Unit aggregating to Rs. 47,499.96 million.
- (iii) Embassy Office Parks REIT acquired the SPVs by acquiring all the equity interest held by the Embassy Sponsor, Blackstone Sponsor and Blackstone Sponsor Group and certain other shareholders. The acquisition of equity interest in the SPVs has been done by issue of 613,332,143 Units of Rs. 300 each as per the table below.

| Name of the SPV | Number of Units allotted for acquiring all the equity interest held in the SPVs | | | | |
|-------------------------------------|---|--------------------|---|--------------------------------|--------------------|
| | Embassy Sponsor | Blackstone Sponsor | Blackstone Sponsor Group (excluding Blackstone Sponsor) | Other shareholders in the SPVs | Total |
| MPPL | 2,924,450 | 93,610,755 | - | 66,099,872 | 162,635,077 |
| UPPL | 6,725,285 | - | - | 2,746,948 | 9,472,233 |
| EEPL | 1,221,322 | - | - | 1,221,322 | 2,442,644 |
| IENMPL | - | - | 32,536,562 | - | 32,536,562 |
| VCPPPL | - | - | 35,703,128 | - | 35,703,128 |
| ETPL | - | - | 39,446,986 | 1,015,611 | 40,462,597 |
| EOPPL | 104,613,745 | - | 104,613,746 | - | 209,227,491 |
| QBPL | - | - | 45,630,850 | - | 45,630,850 |
| QBPPL | - | - | 18,650,260 | - | 18,650,260 |
| OBPPL | - | - | 41,029,647 | - | 41,029,647 |
| GSPL | - | - | 15,541,654 | - | 15,541,654 |
| Total number of Units issued | 115,484,802 | 93,610,755 | 333,152,833 | 71,083,753 | 613,332,143 |

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

| Name of the unit holder | As at 30 September 2019 | | As at 31 March 2019 | |
|--|-------------------------|---------------|---------------------|---------------|
| | No of Units | % holding | No of Units | % holding |
| Embassy Property Developments Pvt Ltd. | 115,484,802 | 14.97% | 115,484,802 | 14.97% |
| SG Indian Holding (Nq) Co I Pte Ltd. | 104,094,966 | 13.49% | 104,094,966 | 13.49% |
| BRE Mauritius Investments | 93,610,755 | 12.13% | 93,610,755 | 12.13% |
| Veeranna Reddy | 65,472,582 | 8.48% | 65,472,582 | 8.48% |
| BRE/Mauritius Investments II | 45,630,850 | 5.91% | 45,630,850 | 5.91% |
| India Alternate Property Limited | 39,446,986 | 5.11% | 39,446,986 | 5.11% |
| | 463,740,941 | 60.10% | 463,740,941 | 60.10% |

- (c) The Trust has not allotted any fully paid-up units by way of bonus shares nor has it bought back any class of units from the date of incorporation till the balance sheet date. Further the Trust has not issued any units for consideration other than cash from the date of incorporation till the balance sheet date, except as disclosed above.

23 Other Equity*

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|---------------------------------|----------------------------|------------------------|-----------------------|
| <i>(i) Reserves and Surplus</i> | | | |
| Retained earnings | 281.30 | (94.47) | - |
| | 281.30 | (94.47) | - |

*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.

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24 Borrowings*

| Particulars | As at | As at | As at |
|---|-------------------|------------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Secured | | | |
| Non-convertible debentures | | | |
| - Embassy REIT Series I NCD 2019 (refer note i) | 30,879.89 | - | - |
| Terms loans | | | |
| - from banks (refer note iii) | 1,962.62 | 41,269.59 | - |
| - from financial institutions | - | 16,850.86 | - |
| - vehicle loans | 35.47 | 42.02 | - |
| Overdraft facility (Asset backed loan) | - | 3,514.31 | - |
| Deferred payment liability (refer note ii) | 6,252.10 | 6,354.83 | - |
| Obligation under finance lease | - | 1.68 | - |
| | 39,130.08 | 68,033.29 | - |

* Balances as at 31 March 2019 includes certain loans/ borrowings secured by way of assignment/ charge/ hypothecation/ mortgage of certain project receivables, underlying land, building and movable property, plant and equipment and investment property for certain SPVs. These loans have been settled during the half year ended 30 September 2019.

Notes:

- (i) In May 2019, the Trust issued 30,000 (31 March 2019: Nil) listed, AAA rated, secured, redeemable and non-convertible Embassy REIT Series I NCD 2019, debentures having face value of Rs. 1 million each amounting to Rs. 30,000.00 million with a Internal Rate of Return (IRR) of 9.4% and will mature on 2 June 2022. The NCD described above are listed on the Bombay Stock Exchange on 3 May 2019.

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 created by MPPL on (a) land measuring 112.475 acres at Bengaluru together with blocks and various commercial buildings; (b) 1.022 acres and 1.631 acres of undivided right, title and interest in the commercial complex known as "Mfar Manyata Tech Park".
2. A sole and exclusive first ranking pledge created by the REIT and EOPPL over their total shareholding in the SPV's namely Qubix, ETPL, VCPPL, Galaxy and MPPL together known as "secured SPVs".
3. A sole and exclusive first ranking charge by way of hypothecation created by the REIT over identified bank accounts and receivables.
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.

Redemption terms:

1. These debentures are redeemable by way of bullet payment at the end of 37 months from the date of allotment, i.e. 2 June 2022.
2. These debentures have a redemption premium of 9.4% IRR compounded annually.
3. In case of downgrading of credit rating, the IRR shall be increased 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 be restored/decreased 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 is being redeemed.

Disclosure required under SEBI circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated 13 April 2018

5. 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 | - | - | 2 June 2022 | 2 June 2022 |

6. Rating agency CRISIL has assigned a rating of "Provisional CRISIL AAA/Stable" to Embassy REIT Series I NCD 2019.

7. Other requirements as per Guidelines for issuance of debt securities by Real Estate Investment Trusts (REITs)

| Particulars | For the half year ended 30 September 2019 |
|---|--|
| Asset cover ratio (refer a below) | 13.10% |
| Debt -equity ratio (refer b below) | 0.18 |
| Debt-service coverage ratio (refer c below) | 4.88 |
| Interest-service coverage ratio (refer d below) | 5.82 |
| Net worth (refer e below) | 229,402.26 |

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

a) Asset cover ratio* = Total borrowing/ Gross asset value as computed by independent valuers

b) Debt equity ratio* = Total borrowings/ Unitholders' Equity

c) Debt Service Coverage Ratio = Earnings before Finance cost and Tax/ (Finance cost (net of capitalisation and excluding interest on lease deposit) + Principal repayments made during the year)

d) Interest Service Coverage Ratio = Earnings before Finance cost and Tax/ Finance cost (net of capitalisation and excluding interest on lease deposit)

e) 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

24 Borrowings (continued)

(ii) Deferred payment liability

EEPL SPV has entered into a deferred payment agreement with IL&FS Solar Power Limited for Rs. 6,853.90 millions, 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 liability is repayable in 180 months equal instalments starting from April 2018 and to be settled by Feb 2033. The loan carries interest at an IRR of 12.72% with a fixed EMI.

(iii) HSBC Limited balance as at 30 September 2019: Rs 1,996.62 million (31 March 2019: Rs Nil)

First ranking mortgage of undivided share of land and building thereon (L1) situated at Embassy Manyata.

First charge over the entire lease rental receivables from tenant pertaining to building (L1) situated at Embassy Manyata.

Reserve account to be maintained equal to three months repayment obligations with the lender.

| | Rs in millions |
|--|--------------------------|
| | As at |
| | 30 September 2019 |
| Repayment and interest terms | |
| Repayable in 36 monthly instalments. The loan carries interest of MCLR + 0.35% | 1,996.62 |

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25 Other financial liabilities

| Particulars | As at | As at | As at |
|--------------------------------------|-------------------|-----------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Lease deposits (refer note 53) | 3,064.17 | 2,734.68 | - |
| Deposit from customers | 83.10 | - | - |
| Lease liability (refer note 54) | 303.69 | - | - |
| Payable for purchase of fixed assets | 58.28 | 46.36 | - |
| | 3,509.24 | 2,781.04 | - |

26 Deferred tax liabilities (net)

| Particulars | As at | As at | As at |
|--------------------------------|-------------------|------------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Deferred tax liabilities (net) | 40,999.92 | 41,424.39 | - |
| | 40,999.92 | 41,424.39 | - |

27 Provisions

| Particulars | As at | As at | As at |
|--|-------------------|---------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Provision for employee benefits | | | |
| - gratuity | 4.36 | 3.01 | - |
| - compensated absences | 2.23 | 2.07 | - |
| | 6.59 | 5.08 | - |

28 Other non-current liabilities

| Particulars | As at | As at | As at |
|-------------------------|-------------------|---------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Deferred lease rental | 550.49 | 611.63 | - |
| Advances from customers | 25.51 | 30.51 | - |
| | 576.00 | 642.14 | - |

29 Borrowings*

| Particulars | As at | As at | As at |
|--|-------------------|-----------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| <i>Secured:</i> | | | |
| Loans repayable on demand | | | |
| - construction loan from financial institution | - | 2,344.63 | - |
| Other short-term borrowings | | | |
| lease rental discounting loan from bank | - | 826.46 | - |
| | - | 3,171.09 | - |

* Balances as at 31 March 2019 includes certain loans/ borrowings secured by way of assignment/ charge/ hypothecation/ mortgage of certain project receivables, underlying land, building and movable property, plant and equipment and investment property for certain SPVs. These loans have been settled during the half year ended 30 September 2019.

30 Trade payables

| Particulars | As at | As at | As at |
|---|-------------------|---------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Trade payable | | | |
| - Total outstanding dues other than micro and small enterprises | 152.42 | 408.16 | - |
| - to related parties (refer note 53) | 113.64 | 13.71 | - |
| | 266.06 | 421.87 | - |

31 Other financial liabilities

| Particulars | As at | As at | As at |
|--|-------------------|------------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Current maturities of long-term debt | | | |
| - from banks | 2,001.73 | 5,335.61 | - |
| - from financial institutions | 34.00 | 1,930.45 | - |
| - deferred payment liability | 887.55 | 640.10 | - |
| Security deposits | | | |
| - related party (refer note 53) | 185.00 | 185.00 | - |
| Lease deposits | 5,758.21 | 5,934.32 | - |
| Capital creditors for purchase of fixed assets | | | |
| - to related party (refer note 53) | 2.19 | 50.94 | - |
| - to others | 641.51 | 451.15 | - |
| - lease liability (refer note 54) | 20.34 | - | - |
| Deposits from customers | - | 83.10 | - |
| Other liabilities | | | |
| - to related party (refer note 53) | 141.10 | 186.87 | - |
| - to others | 815.24 | 5,981.13 | - |
| | 10,486.87 | 20,778.67 | - |

32 Provisions

| Particulars | As at | As at | As at |
|--|-------------------|---------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Provision for employee benefits | | | |
| - gratuity | - | 1.73 | - |
| - compensated absences | - | 1.28 | - |
| | - | 3.01 | - |

33 Other current liabilities

| Particulars | As at | As at | As at |
|----------------------------------|-------------------|---------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Unearned income | 51.24 | 43.68 | - |
| Advances received from customers | 311.04 | 183.63 | - |
| Statutory dues | 180.38 | 212.86 | - |
| Deferred lease rentals | 310.38 | 268.68 | - |
| | 853.04 | 708.84 | - |

34 Current tax liabilities (net)

| Particulars | As at | As at | As at |
|--|-------------------|---------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Provision for income-tax, net of advance tax | 4.39 | 33.58 | - |
| | 4.39 | 33.58 | - |

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35 Revenue from operations

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|--|--|---------------------------------------|--|---|--|-------------------------------------|
| Facility rentals | 4,115.86 | 4,287.58 | 8,403.44 | - | - | - |
| Income from finance lease | 0.67 | 0.85 | 1.52 | - | - | - |
| Room rentals | 162.31 | 137.12 | 299.43 | - | - | - |
| Revenue from contracts with customers | | | | | | |
| Maintenance services | 432.40 | 439.81 | 872.21 | - | - | - |
| Sale of food and beverages | 96.01 | 64.34 | 160.35 | - | - | - |
| Income from generation of renewable energy | 332.81 | 388.37 | 721.18 | - | - | - |
| Other operating income | | | | | | |
| - hospitality | 47.50 | 21.41 | 68.92 | - | - | - |
| - others | 18.49 | 11.54 | 30.03 | - | - | - |
| | 5,206.04 | 5,351.04 | 10,557.08 | - | - | - |

36 Interest income

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---------------------------------|--|---------------------------------------|--|---|--|-------------------------------------|
| - on debentures (Refer note 53) | 20.45 | 26.58 | 47.03 | - | - | - |
| - on fixed deposits with bank | 42.09 | 67.96 | 110.05 | - | - | - |
| - on security deposits | 14.16 | 30.69 | 44.85 | - | - | - |
| - on other statutory deposits | 5.49 | 5.37 | 10.86 | - | - | - |
| - on Income-tax refund | 4.81 | 13.50 | 18.31 | - | - | - |
| - others | 0.01 | 0.20 | 0.21 | - | - | - |
| | 87.00 | 144.31 | 231.31 | - | - | - |

37 Other income

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---|--|---------------------------------------|--|---|--|-------------------------------------|
| Net changes in fair value of financial assets | - | 18.45 | 18.45 | - | - | - |
| Liabilities no longer required written back | 1.10 | - | 1.10 | - | - | - |
| Profit on sale of mutual funds | 75.76 | 10.76 | 86.52 | - | - | - |
| Miscellaneous | 11.10 | 16.79 | 27.89 | - | - | - |
| | 87.96 | 46.00 | 133.96 | - | - | - |

38 Cost of materials consumed

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---------------------------------------|--|---------------------------------------|--|---|--|-------------------------------------|
| Purchases | 24.47 | 31.30 | 55.77 | - | - | - |
| Add: Increase/(decrease) in inventory | 5.20 | (10.91) | (5.71) | - | - | - |
| | 29.67 | 20.39 | 50.06 | - | - | - |

39 Employee benefits expense *

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---|--|---------------------------------------|--|---|--|-------------------------------------|
| Salaries and wages | 63.65 | 72.98 | 136.63 | - | - | - |
| Contribution to provident and other funds | 4.61 | 5.45 | 10.06 | - | - | - |
| Staff welfare | 15.70 | 15.71 | 31.41 | - | - | - |
| | 83.96 | 94.14 | 178.10 | - | - | - |

* refers to employee benefits expense of the hospitality segment (also refer note 52)

40 Operating and maintenance expenses

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|-----------------------|--|---------------------------------------|--|---|--|-------------------------------------|
| Power and fuel (net) | 162.78 | 181.53 | 344.31 | - | - | - |
| Operating consumables | 5.58 | 5.27 | 10.85 | - | - | - |
| | 168.36 | 186.80 | 355.16 | - | - | - |

41 Other expenses

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|--|--|---------------------------------------|--|---|--|-------------------------------------|
| Property tax (net) | 160.96 | 162.79 | 323.75 | - | - | - |
| Rates and taxes | 7.08 | 7.95 | 15.03 | - | - | - |
| Advertisement and business promotion | 17.29 | 10.16 | 27.45 | - | 93.28 | 93.28 |
| Assets and other balances written off | 0.27 | 4.69 | 4.96 | - | - | - |
| Allowances for credit loss | - | 0.26 | 0.26 | - | - | - |
| Bank charges | 4.96 | 4.29 | 9.25 | - | - | - |
| Brokerage and commission | 6.15 | 5.78 | 11.93 | - | - | - |
| Lease rent | 9.24 | 9.25 | 18.49 | - | - | - |
| Travel and conveyance | 6.10 | 6.93 | 13.03 | - | - | - |
| Corporate Social Responsibility (CSR) contribution | 12.18 | 8.00 | 20.18 | - | - | - |
| Miscellaneous expenses | 76.12 | 47.93 | 124.05 | - | - | - |
| | 300.35 | 268.03 | 568.38 | - | 93.28 | 93.28 |

42 Repairs and Maintenance

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---------------------------|--|---------------------------------------|--|---|--|-------------------------------------|
| Repairs and maintenance | | | | | | - |
| - common area maintenance | 193.71 | 172.40 | 366.11 | - | - | - |
| - buildings | 18.55 | 41.72 | 60.27 | - | - | - |
| - machinery | 67.69 | 64.88 | 132.57 | - | - | - |
| - others | 34.44 | 25.84 | 60.28 | - | - | - |
| | 314.39 | 304.84 | 619.23 | - | - | - |

43 Finance costs (net of capitalisation) #

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---|--|---------------------------------------|--|---|--|-------------------------------------|
| Interest expense | | | | | | |
| - on borrowings from banks and financial institutions | 6.42 | 190.03 | 196.45 | - | - | - |
| - on deferred payment liability | 211.02 | 212.46 | 423.48 | - | - | - |
| - on lease deposits | 97.57 | 87.15 | 184.72 | - | - | - |
| - accrual of premium on redemption of debentures * | 507.62 | 342.76 | 850.38 | - | - | - |
| | 822.64 | 832.39 | 1,655.03 | - | - | - |

* relates to accrual of premium on redemption of Embassy REIT Series I NCD 2019.

Gross interest expense is Rs. 1,092.58 million and Rs 2,143.24 million and interest capitalised is Rs. 269.95 million and Rs 488.21 million for the quarter and half year ended 30 September 2019.

44 Depreciation and amortisation

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---|--|---------------------------------------|--|---|--|-------------------------------------|
| Depreciation of property, plant and equipment | 201.61 | 155.10 | 356.71 | - | - | - |
| Depreciation of investment property | 1,215.92 | 1,182.92 | 2,398.84 | - | - | - |
| Amortisation of intangible assets | 26.79 | 53.28 | 80.07 | - | - | - |
| | 1,444.32 | 1,391.30 | 2,835.62 | - | - | - |

45 Tax expense#

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|--|--|---------------------------------------|--|---|--|-------------------------------------|
| Current tax* | 227.01 | 369.37 | 596.38 | - | - | - |
| Deferred tax charge | (440.69) | 158.07 | (282.62) | - | - | - |
| Minimum Alternate Tax credit entitlement (MAT) | (84.90) | (207.69) | (292.59) | - | - | - |
| MAT written off | 150.75 | - | 150.75 | - | - | - |
| | (147.83) | 319.75 | 171.92 | - | - | - |

* includes withholding tax of Rs 22.83 million payable by SPV's on distribution to Embassy REIT Group for the quarter and half year ended 30 September 2019.

The Government of India has introduced the Taxation Laws (Amendment) Ordinance, 2019 ("Ordinance"), announcing key changes to corporate tax rates in the Income Tax Act, 1961, with effect from April 1, 2019. Existing Companies have been provided an option to pay income tax at a concessional rate of 22%, subject to conditions prescribed therein in the Ordinance. Further, the Minimum Alternate Tax rate has been reduced from 18.5% to 15% (excluding surcharge and cess). Management based on its internal assessment has decided to opt for concessional income tax rate for certain of its SPV's. Accordingly, the current tax/ Minimum alternate tax as well as deferred tax charge/ credit for the quarter and half year ended 30 September 2019 has been computed at such revised rates. Further, as clarified by Central Board of Direct Taxes, Minimum Alternate Tax credit balance for such SPVs amounting to Rs.150.75 million has been charged to the consolidated statement of Profit and Loss for the quarter and half year ended 30 September 2019.

46 Earnings Per Unit (EPU)

Basic EPU amounts are calculated by dividing the profit for the period/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 unit holders 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. The Units of the Trust were allotted on 22 March 2019 and 27 March 2019.

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

| | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018* | For the half year ended 31 March 2019* | For the year ended 31 March 2019 |
|--|--|---------------------------------------|--|--|---|-------------------------------------|
| Profit after tax for calculating basic and diluted EPU | 2,322.39 | 2,220.37 | 4,542.76 | - | (94.47) | (94.47) |
| Weighted average number of Units (No. in millions) | 771.67 | 771.67 | 771.67 | - | 18.10 | 18.10 |
| Earnings Per Unit | | | | | | |
| - Basic (Rupees/unit) | 3.01 | 2.88 | 5.89 | - | (5.22) | (5.22) |
| - Diluted (Rupees/unit)* | 3.01 | 2.88 | 5.89 | - | (5.22) | (5.22) |

* The Trust does not have any dilutive outstanding units

47 Management Fees

Property Management Fee

Pursuant to the Investment Management Agreement dated 12 June 2017 as amended, Investment Manager is entitled to fees @ 3% of the 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 Investment Manager to undertake the services provided to the Embassy REIT and its SPVs. Property Management fees for the quarter and half year ended 30 September 2019 amounts to Rs 114.60 million and Rs 233.54 million (31 March 2019: Rs Nil). There are no changes during the period in the methodology for computation of fees paid to Investment Manager.

REIT Management Fees

Pursuant to the Investment Management Agreement dated 12 June 2017 as amended, Investment 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 quarter and half year ended 30 September 2019 amounts to Rs. 61.45 million and Rs. 103.45 million (31 March 2019: Rs Nil). There are no changes during the period in the methodology for computation of fees paid to Investment Manager.

Secondment fees

Pursuant to the Secondment Agreement dated 11 March 2019, Investment Manager is entitled to fees of Rupees One Lakh (Rs 1,00,000) per month in respect certain employees of Investment 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 quarter and half year ended 30 September 2019 amounts to Rs. 0.35 million and Rs. 0.71 million (31 March 2019 - Rs Nil). There are no changes during the period in the methodology for computation of fees paid to Investment Manager.

48 Commitments and contingencies

| Particulars | As at | As at | As at |
|---|-------------------|---------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| Capital commitments | | | |
| Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for (Refer note i) | 4,758.13 | 5,369.00 | - |
| Contingent liabilities | | | |
| Claims not acknowledged as debt in respect of Income Tax matters (Refer note ii) | 483.08 | 390.03 | - |
| Claims not acknowledged as debt in respect of Service Tax matters (Refer note iii) | 706.65 | 598.90 | - |
| Claims not acknowledged as debt in respect of Property Tax matters (Refer note iv) | 3,212.76 | 3,212.76 | - |
| Others (Refer notes v and vi) | | | |

Notes:

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

| SPV | As at | As at | As at |
|--------|-------------------|-----------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| MPPL | 3,692.87 | 3,859.26 | - |
| OBPPL | 438.42 | 893.77 | - |
| EOPPL | 448.48 | 424.23 | - |
| Others | 178.36 | 191.74 | - |
| | 4,758.13 | 5,369.00 | - |

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

| SPV | As at | As at | As at |
|--------|-------------------|---------------|--------------|
| | 30 September 2019 | 31 March 2019 | 1 April 2018 |
| MPPL | 26.13 | 0.28 | - |
| EOPPL | 172.28 | 172.28 | - |
| QBPL | 171.90 | 145.57 | - |
| QBPPL | 3.76 | 3.76 | - |
| OBPPL | 69.83 | - | - |
| IENMPL | 39.18 | 68.14 | - |
| | 483.08 | 390.03 | - |

MPPL: (a) MPPL has received assessment orders for AY 2008-09 to 2015-16 for disallowance under section 14A of Income Tax Act read with rule 8D of the Income-tax Rules in computing income under the Income tax Act. The SPV has received demand orders to pay a sum of Rs. 25.85 million. Appeal has been filed before CIT(A). As at 30 September 2019 the appeal is pending for hearing. Accordingly the SPV has disclosed Rs. 25.85 million (31 March 2019 : Nil) as contingent liability.

(b) SPV has received assessment orders for AY 2009-10 for disallowance under section 14A of Income Tax Act read with rule 8D of the Income-tax Rules in computing income under the Income tax Act. The SPV has received outstanding demand orders to pay a sum of Rs 0.28 million. As at 30 September 2019 the appeal against order of ITAT is pending for hearing before Hon'ble High Court of Karnataka. Accordingly the SPV has disclosed Rs. 0.28 million (31 March 2019 : Rs. 0.28 million) as contingent liability.

EOPPL: During the year ended 31 March 2019, the SPV received a demand of Rs 172.28 million pertaining to AY 2016-17 towards disallowance u/s 14 A. The SPV has filed an appeal against such order at the CIT (A) and has paid Rs. 14.06 million under protest. Accordingly the SPV has disclosed Rs. 172.28 million (31 March 2019 : Rs. 172.28 million) as contingent liability.

QBPL (a): The SPV had received a demand notice of Rs 71.71 million for AY 2010-11, which mainly comprised of disallowance of the deduction under section 80IAB for certain incomes as claimed by the SPV. The SPV contested this demand and had filed appeal before CIT(A). A part of said tax demand amounting to Rs 54.00 million was adjusted against the refund for AY 2012-13. The CIT(A) has passed necessary order upholding the stand of the Assessing Officer. The SPV thereafter filed an appeal with the Income-tax Appellate Tribunal [ITAT] against the said order of CIT(A). During the year, the ITAT has disposed the appeal in favor of the SPV. Income tax Department has moved to Hon'ble High Court of Bombay against ITAT order. Accordingly, the SPV has disclosed the above net demand of Rs.71.71 millions (31 March 2019: Rs. 71.00 millions) as a contingent liability.

(b): The SPV had received a penalty order of Rs. 5.89 million for AY 2014-15 wherein the assessing officer had disallowed the loan processing fees. The SPV contested this penalty and filed an appeal with CIT(A) against the said order contesting that the SPV is eligible for deduction under section 80-IAB and such disallowance does not have any impact on total income as the SPV is paying income tax under section 115-JB of Income Tax Act. Accordingly, the SPV has disclosed the above demand of Rs. 5.89 million (31 March 2019: Rs. 5.89 million) as a contingent liability.

48 Commitments and contingencies (continued)

QBPL: (c) The SPV had received an assessment order for AY 2013-14 wherein the assessing officer has raised a demand of Rs.94.30 million, which was mainly on account of loan processing fee disallowed and income treated as income from house property, as against the head 'profits and gains from business or profession'. The SPV contested the said demand and had filed an appeal with the CIT(A) against the said order. During the previous year, the CIT(A) has been disposed of the appeal in favor of the SPV. Department has filed an appeal with ITAT. Accordingly the SPV has disclosed Rs.94.30 million (31 March 2019: Nil) as a contingent liability.

QBPL: The SPV had received a penalty order of Rs. 3.76 million for AY 2014-15 wherein the assessing officer had disallowed certain expenditure under section 14A and made some adjustments to tax credits claimed and expensed claimed. The SPV has contested this penalty and filed an appeal with CIT(A) against the said order. Accordingly, the SPV has disclosed the above demand of Rs. 3.76 million (31 March 2019: Rs. 3.76 million) as a contingent liability.

OBPPL: The SPV had received a tax demand notice of Rs. 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 has contested this demand and has filed an appeal with the CIT(A) against the said order. The SPV has received an order whereby the case proceeding has been dismissed in favor of the SPV. Department has filed an appeal with ITAT against the order of CIT(A). Accordingly, the SPV has disclosed the above demand of Rs. 69.83 million (31 March 2019: Nil) as a contingent liability.

IENMPL: The SPV has received income tax demands of Rs. 2.98 million for AY 2010-11 wherein the assessing officer had included incorrect addition on account of cash deposits. The SPV has received orders u/s 271(1)(c) of Income-tax Act, 1961 with regards to penalty on disallowance of asset management fees resulting into a tax demand of Rs. 12.14 million for AY 2011-12 and Rs. 14.07 million for AY 2012-13. The SPV has also received order u/s 143(3) with respect to disallowance of asset management fees and Section 14A disallowances resulting into a tax demand of Rs. 9.25 million for AY 2014-15 and disallowance of land revenue tax resulting in a tax demand of Rs 0.74 million for the AY 2013-14. Accordingly the SPV has filed appeals against these assessment orders which are pending at CIT (A) and ITAT and these are disclosed as contingent liabilities.

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

| SPV | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|-------|----------------------------|------------------------|-----------------------|
| MPPL | 573.90 | 522.04 | - |
| ETPL | 40.26 | 12.30 | - |
| GSPL | 25.01 | 1.02 | - |
| VCPPL | 40.66 | 40.66 | - |
| UPPL | 26.82 | 22.88 | - |
| | 706.65 | 598.90 | - |

MPPL: (a) The SPV had received a demand order dated 23 December 2015 to pay a sum of Rs. 522.04 million (including interest and penalty) from the Commissioner of Central Excise Bangalore-V Commissionerate towards wrongly/irregularly availed Cenvat credit during the period 1 April 2006 to 31 March 2012. Appeal has been filed before CESTAT dated 18 April 2016. As at 30 September 2019 the appeal is still pending before CESTAT and the amount of Rs 522.04 million is disclosed as contingent liability.

(b) The SPV had received an order dated 26 May 2011 from Assistant Commissioner of Commercial Taxes for disallowing the refund of Rs. 51.86 million towards wrongly/irregularly availed VAT credit during the period 1 April 2009 to 31 March 2010. Appeal was filed before KAT which allowed the refund in part. The SPV approached Hon'ble High Court 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 Rs 51.86 million has been disclosed as contingent liability.

ETPL: (a) The SPV has received an Order from Joint Commissioner, Service Tax - I, Kolkata 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 Rs. 10.01 million, irregular availment of credit of Rs 6.87 million and non-payment of service tax Rs 0.96 million (along with penalty of equal amounts). 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 Rs 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 aforementioned demand and penalty amount of Rs 35.66 million (31 March 2019: Rs 10.00 million) has been disclosed as a contingent liability.

(b) The Company has received an Order from Joint Commissioner, Service Tax - I, Kolkata demanding Rs 2.30 million in respect of denial of credit on construction of building and various other activities which has been utilized against output service of 'Renting of Immovable Property' service for the period 2013-14 (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 Rs 0.2 million to stay the recovery of the balance amount. The same was paid by the SPV under protest. During the previous years the SPV has received favorable order and the said demand was annulled, however the Assistant Commissioner (T&R) has filed an appeal against the Order to Central Excise and Service Tax Appellate Tribunal. Accordingly the SPV has disclosed demand and penalty amount of Rs. 4.60 million (31 March 2019: Rs. 2.30 million) as contingent liability.

GSPL: (a) The SPV had received an Order-in-Original passed by the Deputy Commissioner, Service Tax, Division - III, Noida, demanding Rs 1.02 million in respect of denial of CENVAT credit utilised on the basis of photocopy of invoices for the AY 2014-15. Against the aforesaid Order, the SPV has filed an appeal before the Commissioner (Appeals) - Customs, Excise & Service Tax (CESTAT) which directed the SPV to deposit Rs 0.08 million and stayed the recovery of the balance amount. However the SPV has paid the aforesaid demand of Rs. 1.02 million in full under protest and such appeal is currently pending for disposal. Accordingly the aforementioned demand of Rs. 1.02 million (31 March 2019: Rs. 1.02 million) is disclosed as contingent liability.

(b) The SPV had received an order to pay service tax of Rs 11.99 million on notional interest accrued on interest-free security deposits. The order was contested. The SPV had received a favorable order from the Allahabad CESTAT against which the Department has preferred an appeal with the High Court. Accordingly an amount (including penalty) of Rs 23.99 million (31 March 2019: Nil) has been disclosed as contingent liability.

48 Commitments and contingencies (continued)

VCPPPL: The SPV has received a show cause cum demand notice issued by the Commissioner, Customs, Central Excise and Service Tax Commissionerate, Mumbai for FY 2012-13 and 2014-15 demanding Rs. 29.91 million in respect of inclusion of notional interest accrued on security deposit in the taxable value and penalty of Rs. 10.75 million. Against the aforesaid Order, the SPV has filed an appeal before the Hon'ble Customs, Excise and Service Tax Appellate Tribunal. Currently this appeal is pending for disposal, the SPV has paid a pre-deposit charge of Rs. 2.01 million. Accordingly the said demand of Rs. 40.66 million (31 March 2019: Rs. 40.66 million) has been disclosed as contingent liability.

UPPL: (a) The SPV had received show cause notices dated 3 July 2015 for demand on irregular cenvat credit availed for Rs 23.04 million relating to period from 1 April 2011 to 31 March 2016. Responses have been filed in August 2017 and is pending before the Commissioner of Service Tax. Accordingly the aforementioned demand of Rs. 23.04 million (31 March 2019: Rs. 22.88 million) is disclosed as contingent liability.

(b) The SPV had received show cause notices dated 9 April 2019 for demand of Rs 3.78 million relating to period from 1 April 2014 to 30 June 2017 with respect to payment of salary and bonus to certain employees of the SPV which has not been considered as Management fees. Responses have been filed and is pending before the Deputy Commissioner of Service Tax. Accordingly the aforementioned demand of Rs. 3.78 million (31 March 2019: Nil) is disclosed as contingent liability.

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

| SPV | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|------|----------------------------|------------------------|-----------------------|
| MPPL | 3,212.76 | 3,212.76 | - |
| | 3,212.76 | 3,212.76 | - |

MPPL:(a) The SPV has received a demand order dated 5 October 2015 to pay a sum of Rs. 2,739.49 million (including interest and penalty) 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 filed an appeal before the aforementioned court and the same has been admitted by the court on 27 June 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. Management has obtained external legal opinion on this matter and accordingly disclosed the same as a contingent liability. The SPV paid Rs 646.69 million (31 March 2019: Rs. 646.69 million) under protest against the above demand.

(b) The SPV has also received a demand order dated 9 Oct 2017 to pay a sum of Rs. 760.07 million (including interest and penalty) towards the differential property tax based on the total survey report for certain blocks. An appeal has been filed before the Joint Commissioner, BBMP, Bytarayanapura, Bangalore objecting the total survey report and property tax assessment notice arising therefrom. The same is pending for disposal. Management has obtained external legal opinion on this matter and accordingly disclosed the same as a contingent liability. MPPL has paid Rs 286.80 million against the above demand in the previous year. Hence, a net contingent liability of Rs 473.27 million (31 March 2019: Rs. 473.27 million) has been disclosed.

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 on-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 Rs 907.40 million. GLSP has filed an appeal before the Hon'ble High Court of Karnataka on these matters. Management has obtained external legal opinion on this matter and accordingly disclosed the same as a contingent liability.

(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 years put together is Rs 15.40 million.

(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 under dispute for all years put together is Rs 252.04 million. GLSP has filed an appeal before the ITAT on these matters.

(b) GLSP (50% equity accounted investee - joint venture) Service Tax matters : (a) GLSP has received demand orders dated 14 August 2011 and 11 December 2011 to pay a sum of Rs. 111.86 million from Office of the Commissioner of Service tax towards wrongly availed Cenvat credit during the period 1 April 2009 to 31 March 2011. Appeal has been filed before CESTAT. As at 30 September 2019 the appeal is pending before CESTAT for hearing.

(b) GLSP has received demand orders dated 31 August 2010 to pay a sum of Rs. 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 favorable order was received. Commissioner of Service Tax has filed an appeal before Hon'ble High Court of Karnataka and their application is pending for acceptance.

48 Commitments and contingencies (continued)

vi) Other matters

(a) **VCPL** (Forfeiture of security deposit matters): 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 Rs. 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 has received a demand notice under the Insolvency and Bankruptcy Code, 2016 (IBC) on 28 February 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 Rs. 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 1 March 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 18 March 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 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, 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 14 May 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 old 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 24 May 2018. BESCOM filed preliminary statement of objections and also filed application seeking recalling of interim order. The application seeking recalling of interim order has been rejected. The Hon'ble High Court has passed the judgment on 13 March 2019, thereby allowing the Writ Petition and has quashed the order dated 14 May 2018 passed by KERC. The SPV has filed the 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 13 March 2019. However, EEPL has not been made a party to the said appeal. In the event an adverse order is passed in the said appeal, EEPL may also be affected.

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 09, 2018 issued by the Karnataka Electricity Regulatory Commission with a direction to Karnataka Electricity Regulatory Commission to reconsider the matter.

(c) **MPPL** : SPV has filed a writ petition 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 Rs.127.9 million. In 2016, the Hon'ble High Court of Karnataka has granted an interim stay on the impugned circular and notice.

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49 Business Transfer Agreement (BTA) between QBPL and EODPL

During the year ended 31 March 2019, QBPL had entered into Business Transfer Agreement (BTA) with EODPL on 11 March 2019 and completed the purchase of the assets and liabilities for Hospitality segment and Commercial offices segment from EODPL as per the BTA.

QBPL borrowed Rs. 4681.93 millions from Embassy Office Parks REIT to make payment for the purchase consideration. The difference between the net assets acquired and purchase consideration amounting to Rs. 1,402.19 millions has been recognised as goodwill as at 31 March 2019.

| Particulars | Hotel Business | Commercial Business | Total |
|--|----------------|---------------------|-------------------|
| Tangible assets acquired | 7,982.42 | 4,148.00 | 12,130.42 |
| Other current assets | | | 134.32 |
| Total | | | 12,264.74 |
| Liabilities assumed | | | |
| Loan from banks | | | (8,961.78) |
| Other current liabilities | | | (23.22) |
| Total | | | (8,985.00) |
| Fair value of net assets taken over | | | 3,279.74 |
| Less: BTA consideration | | | (4,681.93) |
| Goodwill on acquisition | | | 1,402.19 |

50 Business Combination

Embassy Office Parks REIT has acquired the SPVs by acquiring all the equity interest held by the Embassy Sponsor, Blackstone Sponsor and Blackstone Sponsor Group and certain other shareholders. The acquisition of equity interest in the SPVs has been done by issue of 613,332,143 Units of Rs. 300 each amounting to Rs 183,888.64 millions and by assuming liability towards purchase of equity interest in IENML amounting to Rs. 3,450 million (paid subsequently on 2 April 2019).

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.

| Entity | Fair value of assets acquired | Fair value of liabilities assumed | Deferred tax liability on fair valuation of assets acquired and liabilities assumed | Fair value of net assets taken over | Purchase consideration | Goodwill on consolidation |
|-------------------------------|-------------------------------|-----------------------------------|---|-------------------------------------|------------------------|---------------------------|
| EOPPL(Refer note i below) | 66,677.98 | 7,268.06 | 8,554.93 | 50,854.99 | 62,768.25 | 11,913.26 |
| EEPL | 2,149.42 | 1,488.28 | 196.19 | 464.95 | 732.79 | 267.84 |
| MPPL | 77,213.62 | 27,492.06 | 11,947.20 | 37,774.36 | 48,790.52 | 11,016.16 |
| UPPL | 5,208.49 | 2,571.62 | 485.07 | 2,151.79 | 2,841.67 | 689.88 |
| QBPL (Refer note ii below) | 27,074.33 | 14,476.40 | 1,994.19 | 10,603.74 | 13,689.26 | 3,085.52 |
| QBPPL | 9,279.40 | 3,494.06 | 1,787.09 | 3,998.25 | 5,595.08 | 1,596.83 |
| GSPL | 6,233.07 | 2,875.44 | 657.25 | 2,700.38 | 4,662.50 | 1,962.12 |
| OBPPL | 13,652.04 | 6,382.50 | 1,490.14 | 5,779.40 | 12,308.89 | 6,529.49 |
| ETPL | 10,642.16 | 1,329.82 | 72.79 | 9,239.55 | 12,138.78 | 2,899.23 |
| VCPPPL | 13,114.17 | 5,468.05 | 1,200.31 | 6,445.81 | 10,710.94 | 4,265.13 |
| IENMPL (Refer note iii below) | 15,103.00 | 5,003.61 | 2,960.00 | 7,139.39 | 13,210.97 | 6,071.58 |
| Total | 246,347.68 | 77,849.90 | 31,345.16 | 137,152.61 | 187,449.65 | 50,297.03 |

Note:

- Purchase consideration amounting to Rs. 71,078.44 millions is towards issue of 209,227,490 units at Rs. 300 each. Further, an amount of Rs. 8,310.19 millions is paid by SPV before the date of acquisition by Embassy Office Parks REIT, towards equity investment in MPPL of Rs. 8,309.11 million, in EEPL of Rs. 1 million and in GLSP of Rs. 0.08 million.
- During the year ended 31 March 2019, QBPL had entered into Business Transfer Agreement (BTA) with EODPL on 11 March 2019 and completed the purchase of the assets and liabilities for Hospitality segment and Commercial offices segment from EODPL as per the BTA. QBPL borrowed Rs. 4,681.78 millions from Embassy Office Parks REIT to make payment for the purchase consideration. The difference between the net assets acquired (Rs 3,279.74 millions) and purchase consideration (Rs 4,681.93 millions) amounting to Rs. 1,402.19 millions has been recognised as goodwill as at 31 March 2019. This transaction is not a part of the goodwill on consolidation as shown in the table above
- Purchase consideration includes assumption of liability of Rs. 3,450 million towards one of the erstwhile shareholders of the SPV. The liability has been settled in cash on 2 April 2019

50 Business Combination (continued)
Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired 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 except Umbel where the valuers have followed "Residual Approach", "Depreciated replacement cost approach" for the built up component, plant and machinery, capital work-in-progress and other assets and "Discounted cashflow method" for co-development. Direct comparison approach involves comparing to similar properties that have actually been sold in an arms length transaction or are offered for sale. The Residual Method is based on the assumption that the development is complete as on the date of valuation and value of the subject property is assessed by subtracting revenues from the development expenses as well as the developer margin. 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 Discounted Cash Flow Methodology is based upon an estimation of future results. 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. |
| Power purchase agreement | The fair value of the power purchase agreement 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. |
| Other assets other than those mentioned above | Book values as on the date of acquisition have been considered as fair values. |
| Liabilities | Liabilities includes loans and borrowings, trade payables and provision for employee benefits. Book values as on the date of acquisition have been considered as fair values. |

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 the individual assets recorded at their fair values computed basis comparable approach or depreciated replacement cost basis. The acquisition was done on 22 March 2019 and thus is not assessed for impairment. Impairment assessment of goodwill will be done by the management annually for the year ending 31 March 2020.

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51 Financial instruments - Fair values and risk measurement

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

| Particulars | Carrying value | Fair Value | Carrying value | Fair Value |
|---|-------------------|-------------------|------------------|-----------------|
| | 30 September 2019 | 30 September 2019 | 31 March 2019 | 31 March 2019 |
| Financial assets | | | | |
| Amortised cost | | | | |
| Loans | 758.72 | - | 1,539.59 | - |
| Trade receivables | 366.24 | - | 335.86 | - |
| Cash and cash equivalents | 1,584.57 | - | 49,612.75 | - |
| Other bank balances | 860.79 | - | 1,455.99 | - |
| Other financial assets | 2,014.82 | - | 2,966.75 | - |
| Investments in debentures | 1,630.99 | - | - | - |
| Fair value through profit and loss | | | | |
| Investments in mutual funds | 5,578.18 | 5,578.18 | 1,944.87 | 1,944.87 |
| Total assets | 12,794.31 | 5,578.18 | 57,855.82 | 1,944.87 |
| Financial liabilities | | | | |
| Amortised cost | | | | |
| Borrowings (including current maturities of long-term debt) | 41,131.81 | - | 76,539.99 | - |
| Lease deposits | 8,822.38 | - | 8,669.01 | - |
| Trade payables | 266.06 | - | 421.87 | - |
| Other financial liabilities | 3,172.01 | - | 9,555.09 | - |
| Total liabilities | 53,392.26 | - | 95,185.96 | - |

The management has assessed that fair value of cash and cash equivalents, fixed deposits, trade receivables, investment in debentures, borrowings, 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.

Financial instruments

Quantitative disclosures fair value measurement hierarchy for assets as at:

| Particulars | Date of valuation | Total | Level 1 | Level 2 | Level 3 |
|---|-------------------|----------|----------|---------|---------|
| Financial assets measured at fair value: | | | | | |
| FVTPL financial investments: | | | | | |
| Investment in mutual funds | 30 September 2019 | 5,578.18 | 5,578.18 | - | - |
| Investment in mutual funds | 31 March 2019 | 1,944.87 | 1,944.87 | - | - |

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 31 March 2019 and half year ended 30 September 2019.

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.

- The fair value of mutual funds are based on price quotations at reporting date.
- The fair values of other current financial assets and financial liabilities are considered to be equivalent to their carrying values.

52 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 condensed 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.

0.880990601

| Particulars | Commercial Offices* | | | | Hospitality* | | | | Other Segment* | | | | Total | | | |
|---|---|------------------------------------|---|----------------------------------|---|------------------------------------|---|----------------------------------|---|------------------------------------|---|----------------------------------|---|------------------------------------|---|----------------------------------|
| | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the year ended 31 March 2019 | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the year ended 31 March 2019 | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the year ended 31 March 2019 | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the year ended 31 March 2019 |
| Revenue from operations | 4,562.47 | 4,738.22 | 9,300.69 | - | 310.76 | 224.45 | 535.21 | - | 332.81 | 388.37 | 721.18 | - | 5,206.04 | 5,351.04 | 10,557.08 | - |
| Identifiable operating expenses | (534.77) | (553.32) | (1,088.09) | - | (257.81) | (238.45) | (496.26) | - | (29.67) | (30.89) | (60.56) | - | (822.25) | (822.66) | (1,644.90) | - |
| Net Operating Income (segment results for the period/ year) | 4,027.70 | 4,184.90 | 8,212.60 | - | 52.95 | (14.00) | 38.95 | - | 303.14 | 357.48 | 660.62 | - | 4,383.79 | 4,528.38 | 8,912.17 | - |
| Other operating expenses | | | | | | | | | | | | | (364.84) | (349.57) | (714.42) | (94.47) |
| Interest, dividend and other income | | | | | | | | | | | | | 174.96 | 190.31 | 365.27 | - |
| Earnings before finance costs, depreciation, amortisation and income tax excluding share of profit of equity accounted investees | | | | | | | | | | | | | 4,193.91 | 4,369.12 | 8,563.03 | (94.47) |
| Share of profit after tax of equity accounted investees | | | | | | | | | | | | | 247.61 | 394.69 | 642.30 | - |
| Depreciation and amortisation expenses | | | | | | | | | | | | | (1,444.32) | (1,391.30) | (2,835.62) | - |
| Finance costs | | | | | | | | | | | | | (822.64) | (832.39) | (1,655.03) | - |
| Profit/(loss) before income tax | | | | | | | | | | | | | 2,174.56 | 2,540.12 | 4,714.68 | (94.47) |
| Tax expense | | | | | | | | | | | | | 147.83 | (319.75) | (171.92) | - |
| Other Comprehensive Income | | | | | | | | | | | | | - | - | - | - |
| Total comprehensive income/(loss) for the period/year | | | | | | | | | | | | | 2,322.39 | 2,220.37 | 4,542.76 | (94.47) |

* Above mentioned segment details for the half year ended 31 March 2019 and the half year ended 30 September 2018 are not provided since the amounts for these periods are Nil.

52 Operating segments (continued)

An analysis of SPV wise Segment Revenues and Segment Results is given below *

For the quarter ended 30 September 2019

| Particulars | REIT | MPPL | EOPPL | UPPL | EEPL | GSPL | ETPL | OBPL | QBPL | QBPL | VCPL | IENMPL | Total |
|--|----------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Segment Revenue: | | | | | | | | | | | | | |
| Commercial Office Segment | - | 2,175.79 | 281.51 | - | - | 222.23 | 240.30 | 334.11 | 226.30 | 363.45 | 364.96 | 353.82 | 4,562.47 |
| Hospitality Segment | - | - | - | 244.60 | - | - | - | - | - | 66.16 | - | - | 310.76 |
| Others | - | - | - | - | 332.81 | - | - | - | - | - | - | - | 332.81 |
| Total | - | 2,175.79 | 281.51 | 244.60 | 332.81 | 222.23 | 240.30 | 334.11 | 226.30 | 429.61 | 364.96 | 353.82 | 5,206.04 |
| Net Operating Income (segment results) | | | | | | | | | | | | | |
| Commercial Office Segment | - | 2,042.98 | 260.13 | - | - | 161.66 | 219.13 | 236.92 | 189.96 | 290.27 | 315.08 | 311.57 | 4,027.70 |
| Hospitality Segment | - | - | - | 108.15 | - | - | - | - | - | (55.20) | - | - | 52.95 |
| Others | - | - | - | - | 303.14 | - | - | - | - | - | - | - | 303.14 |
| Total | - | 2,042.98 | 260.13 | 108.15 | 303.14 | 161.66 | 219.13 | 236.92 | 189.96 | 235.07 | 315.08 | 311.57 | 4,383.79 |

For the quarter ended 30 June 2019

| Particulars | REIT | MPPL | EOPPL | UPPL | EEPL | GSPL | ETPL | OBPL | QBPL | QBPL | VCPL | IENMPL | Total |
|--|----------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Segment Revenue: | | | | | | | | | | | | | |
| Commercial Office Segment | - | 2,131.86 | 507.06 | - | - | 226.24 | 170.72 | 355.37 | 228.65 | 374.74 | 355.41 | 388.17 | 4,738.22 |
| Hospitality Segment | - | - | - | 205.80 | - | - | - | - | - | 18.65 | - | - | 224.45 |
| Others | - | - | - | - | 388.37 | - | - | - | - | - | - | - | 388.37 |
| Total | - | 2,131.86 | 507.06 | 205.80 | 388.37 | 226.24 | 170.72 | 355.37 | 228.65 | 393.39 | 355.41 | 388.17 | 5,351.04 |
| Net Operating Income (segment results) | | | | | | | | | | | | | |
| Commercial Office Segment | - | 1,974.74 | 466.96 | - | - | 169.88 | 148.96 | 271.85 | 192.55 | 297.33 | 308.20 | 354.43 | 4,184.90 |
| Hospitality Segment | - | - | - | 69.99 | - | - | - | - | - | (83.99) | - | - | (14.00) |
| Others | - | - | - | - | 357.48 | - | - | - | - | - | - | - | 357.48 |
| Total | - | 1,974.74 | 466.96 | 69.99 | 357.48 | 169.88 | 148.96 | 271.85 | 192.55 | 213.34 | 308.20 | 354.43 | 4,528.38 |

For the half year ended 30 September 2019

| Particulars | REIT | MPPL | EOPPL | UPPL | EEPL | GSPL | ETPL | OBPL | QBPL | QBPL | VCPL | IENMPL | Total |
|--|----------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| Segment Revenue: | | | | | | | | | | | | | |
| Commercial Office Segment | - | 4,307.65 | 788.57 | - | - | 448.47 | 411.02 | 689.48 | 454.95 | 738.19 | 720.37 | 741.99 | 9,300.69 |
| Hospitality Segment | - | - | - | 450.40 | - | - | - | - | - | 84.81 | - | - | 535.21 |
| Others | - | - | - | - | 721.18 | - | - | - | - | - | - | - | 721.18 |
| Total | - | 4,307.65 | 788.57 | 450.40 | 721.18 | 448.47 | 411.02 | 689.48 | 454.95 | 823.00 | 720.37 | 741.99 | 10,557.08 |
| Net Operating Income (segment results) | | | | | | | | | | | | | |
| Commercial Office Segment | - | 4,017.72 | 727.09 | - | - | 331.54 | 368.09 | 508.77 | 382.51 | 587.60 | 623.28 | 666.00 | 8,212.60 |
| Hospitality Segment | - | - | - | 178.14 | - | - | - | - | - | (139.19) | - | - | 38.95 |
| Others | - | - | - | - | 660.62 | - | - | - | - | - | - | - | 660.62 |
| Total | - | 4,017.72 | 727.09 | 178.14 | 660.62 | 331.54 | 368.09 | 508.77 | 382.51 | 448.41 | 623.28 | 666.00 | 8,912.17 |

For the year ended 31 March 2019

| Particulars | REIT | MPPL | EOPPL | UPPL | EEPL | GSPL | ETPL | OBPL | QBPL | QBPL | VCPL | IENMPL | Total |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Segment Revenue: | | | | | | | | | | | | | |
| Commercial Office Segment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Hospitality Segment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Operating Income (segment results) | | | | | | | | | | | | | |
| Commercial Office Segment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Hospitality | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - | - | - | - | - | - |

* Above mentioned segment details for the half year ended 31 Mar 2019 and the quarter and half year ended 30 September 2018 are not provided since the amounts for these periods are Nil

Embassy Office Parks REIT
Condensed Consolidated Financial Statements
Notes to Accounts

(all amounts in Rs. millions unless otherwise stated)



53 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 Property Developments Private Limited
 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
 SG Indian Holding (NQ) Co. II Pte. Limited
 SG Indian Holding (NQ) Co. III Pte. Limited
 BRE/Mauritius Investments II
 BREP NTPL Holding (NQ) Pte Limited
 BREP VII NTPL Holding (NQ) Pte Limited
 BREP Asia SBS NTPL Holding (NQ) Limited

BREP VII SBS NTPL Holding (NQ) Limited
 BREP GML Holding (NQ) Pte Limited
 BREP VII GML Holding (NQ) Pte Limited
 BREP Asia SBS GML Holding (NQ) Limited
 BREP VII SBS GML Holding (NQ) Limited
 BREP Asia SG Oxygen Holding (NQ) Pte Limited
 BREP VII SG Oxygen Holding (NQ) Pte Limited

BREP Asia SBS Oxygen Holding (NQ) Limited
 BREP VII SBS Oxygen Holding (NQ) Limited
 BREP Asia HCC Holding (NQ) Pte Limited
 BREP VII HCC Holding (NQ) Pte Limited
 BREP Asia SBS HCC Holding (NQ) Limited
 BREP VII SBS HCC Holding (NQ) Limited
 India Alternate Property Limited

BREP Asia SG Indian Holding (NQ) Co II Pte. Limited
 BREP VII SG Indian Holding (NQ) Co II Pte. Limited
 BREP Asia SBS Holding-NQ CO XI Limited
 BREP VII SBS Holding-NQ CO XI Limited

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

Directors

Jitendra Virwani (w.e.f 30 March 2017)
 Tuhin Parikh (w.e.f 16 June 2015)
 Vivek Mehra (w.e.f 9 June 2017)
 Ranjan Ramdas Pai (w.e.f 9 June 2017)
 Anuj Puri (w.e.f 6 August 2018)
 Punita Kumar Sinha (w.e.f 6 August 2018)
 Robert Christopher Heady (w.e.f 6 August 2018)
 Aditya Virwani (w.e.f 6 August 2018)
 Asheesh Mohta - Director (w.e.f: 28 June 2019, alternate to Robert Christopher Heady)

KMPs

Michael Holland - CEO (w.e.f 6 August 2018)
 Rajesh Kaimal - CFO (w.e.f 6 August 2018)
 Ramesh Periasamy - Company Secretary (w.e.f 7 January 2019)

B. Joint Venture

Golfink Software Parks Private Limited

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

Vikas Telecom Private Limited
 Dynasty Properties Private Limited
 Snap Offices Private Limited
 (formerly known as Stylus Commercial Services Private Limited)
 Udhyaman Investments Private Limited
 Synergy Property Development Services Private Limited
 Embassy Industrial Parks Private Limited
 Golfinks Embassy Management Services LLP
 Golfinks Park Management Services LLP
 Wework India Management Private Limited
 Embassy Shelters Private Limited
 Manyata Builders Private Limited
 Manyata Projects Private Limited
 FIFC Condominium

Reddy Veeranna Constructions Private Limited
 Embassy Construction Private Limited
 K J George
 Mac Charles (India) Limited

53 Related party disclosures (contd.)

II. Related party transactions

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---|--|---------------------------------------|--|---|--|-------------------------------------|
| Property Management fees | | | | | | |
| Embassy Office Park Management Services Private Limited | 114.60 | 118.94 | 233.54 | - | - | - |
| REIT Management fees | | | | | | |
| Embassy Office Park Management Services Private Limited | 61.45 | 42.00 | 103.45 | - | - | - |
| Common area maintenance | | | | | | |
| Embassy Services Private Limited | 169.04 | 134.68 | 303.72 | - | - | - |
| Embassy One Developers Private Limited | 10.24 | - | 10.24 | - | - | - |
| Golflinks Embassy Management Services LLP | 6.03 | 6.03 | 12.06 | - | - | - |
| FIFC Condominium | 16.85 | 16.60 | 33.45 | - | - | - |
| Business consultancy services (capitalised) | | | | | | |
| Embassy Property Developments Private Limited | 42.74 | 30.75 | 73.49 | - | - | - |
| Recovery of Maintenance charges | | | | | | |
| Wework India Management Private Limited | 3.97 | 5.07 | 9.04 | - | - | - |
| Reimbursement of Electricity Charges | | | | | | |
| Wework India Management Private Limited | 2.19 | 2.33 | 4.52 | - | - | - |
| Income from generation of renewable energy from the tenants of | | | | | | |
| Vikas Telecom Private Limited | 73.81 | 106.88 | 180.69 | - | - | - |
| Embassy Property Developments Private Limited | 32.60 | 22.07 | 54.67 | - | - | - |
| Dynasty Properties Private Limited | 12.25 | 9.79 | 22.04 | - | - | - |
| Golflinks Software Park Private Limited | 48.73 | 56.21 | 104.94 | - | - | - |
| Security Deposit given/(repaid) to/(by) related party | | | | | | |
| Embassy Property Developments Private Limited | (165.36) | (660.79) | (826.15) | - | - | - |
| FIFC Condominium | (2.52) | - | (2.52) | - | - | - |
| Capital advances paid* | | | | | | |
| Embassy Property Developments Private Limited | 272.36 | - | 272.36 | - | - | - |
| Reddy Veeranna Constructions Private Limited | 6.50 | - | 6.50 | - | - | - |
| Rental income | | | | | | |
| Wework India Management Private Limited | 21.59 | 21.59 | 43.18 | - | - | - |
| Snap Offices Private Limited | 9.20 | 9.21 | 18.41 | - | - | - |

53 Related party disclosures (contd.)

II. Related party transactions

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---|--|---------------------------------------|--|---|--|-------------------------------------|
| Interest income | | | | | | |
| Golflinks Software Park Private Limited | 20.44 | 25.05 | 45.49 | - | - | - |
| Embassy Services Private Limited | 3.63 | - | 3.63 | - | - | - |
| Reddy Veeranna Construction Private Limited | - | 1.53 | 1.53 | - | - | - |
| Project management consultancy fees (capitalised) | | | | | | |
| Synergy Property Development Services Private limited | 17.27 | 40.82 | 58.09 | - | - | - |
| Amount paid for civil works (capitalised) | | | | | | |
| Synergy Property Development Services Private limited | 89.00 | 450.28 | 539.28 | - | - | - |
| Power and fuel expenses | | | | | | |
| Embassy Services Private Limited | 19.79 | 43.66 | 63.45 | - | - | - |
| Legal and professional charges | | | | | | |
| Embassy Services Private Limited | 1.19 | 3.00 | 4.19 | - | - | - |
| Security charges | | | | | | |
| Embassy Services Private Limited | 3.30 | 1.00 | 4.30 | - | - | - |
| Trademark and license fees | | | | | | |
| Embassy Shelters Private Limited | 0.36 | 0.35 | 0.71 | - | - | - |
| Revenue - Room rentals, sale of food and beverages | | | | | | |
| Jitendra Virwani | 0.12 | - | 0.12 | - | - | - |
| Embassy Construction Private Limited | 0.03 | - | 0.03 | - | - | - |
| Embassy Industrial Parks Private Limited | 0.01 | 0.06 | 0.07 | - | - | - |
| Embassy Property Developments Private Limited | 0.92 | 1.12 | 2.04 | - | - | - |
| Embassy Services Private Limited | 0.06 | - | 0.06 | - | - | - |
| Embassy Office Park Management Services Private Limited | 0.79 | - | 0.79 | - | - | - |
| Vikas Telecom Private Limited | 0.16 | - | 0.16 | - | - | - |
| Investment in debentures | | | | | | |
| Golflinks Software Parks Private Limited | - | 2,500.00 | 2,500.00 | - | - | - |
| Redemption of investment in debentures | | | | | | |
| Golflinks Software Parks Private Limited | 439.10 | 429.91 | 869.01 | - | - | - |
| Secondment fees | | | | | | |
| Embassy Office Parks Management Services Private Limited | 0.36 | 0.35 | 0.71 | - | - | - |
| Trustee fee expenses | | | | | | |
| Axis Trustee Services Limited | 0.74 | 0.74 | 1.48 | - | - | - |

53 Related party disclosures (contd.)

II. Related party transactions

| Particulars | For the quarter ended 30 September 2019 | For the quarter ended 30 June 2019 | For the half year ended 30 September 2019 | For the quarter and half year ended 30 September 2018 | For the half year ended 31 March 2019 | For the year ended 31 March 2019 |
|---|--|---------------------------------------|--|---|--|-------------------------------------|
| Reimbursement of expenses | | | | | | |
| Embassy One Developers Private Limited | - | - | - | - | 9.54 | 9.54 |
| Embassy Services Private Limited | 19.33 | - | 19.33 | - | - | - |
| Embassy Office Parks Management Services Private Limited | 47.70 | - | 47.70 | - | 157.50 | 157.50 |
| Miscellaneous expenses | | | | | | |
| Mac Charles (India) Limited | 0.48 | - | 0.48 | - | - | - |
| Initial receipt from Co-sponsor - received / (repaid) | | | | | | |
| Embassy Property Development Private Limited | - | (0.50) | (0.50) | - | 0.50 | 0.50 |
| Issue of Unit capital (in exchange of the Investment in equity shares of SPVs) | | | | | | |
| Embassy Property Development Private Limited | - | - | - | - | 34,645.44 | 34,645.44 |
| SG Indian Holding (NQ) Co I Pte. Limited. | - | - | - | - | 31,228.49 | 31,228.49 |
| SG Indian Holding (NQ) Co II Pte. Limited. | - | - | - | - | 20.24 | 20.24 |
| SG Indian Holding (NQ) Co III Pte. Limited. | - | - | - | - | 135.39 | 135.39 |
| BRE/ Mauritius Investments | - | - | - | - | 28,083.23 | 28,083.23 |
| India Alternate Property Limited | - | - | - | - | 11,834.10 | 11,834.10 |
| BREP Asia SG Indian Holding (NQ) Co. II Pte Limited | - | - | - | - | 7,770.49 | 7,770.49 |
| BREP VII SG Indian Holding (NQ) Co II Pte Limited | - | - | - | - | 1,941.58 | 1,941.58 |
| BREP Asia SBS Holding-NQ Co. XI Limited | - | - | - | - | 38.24 | 38.24 |
| BREP VII SBS Holding-NQ Co. XI Limited | - | - | - | - | 10.66 | 10.66 |
| BREP Asia HCC Holding (NQ) Pte Limited | - | - | - | - | 8,548.39 | 8,548.39 |
| BREP VII HCC Holding (NQ) Pte Limited | - | - | - | - | 2,130.08 | 2,130.08 |
| BREP Asia SBS HCC Holding (NQ) Limited. | - | - | - | - | 20.36 | 20.36 |
| BREP VII SBS HCC Holding (NQ) Limited. | - | - | - | - | 12.10 | 12.10 |
| BRE/Mauritius Investments II | - | - | - | - | 13,689.26 | 13,689.26 |
| BREP NTPL Holding (NQ) Pte. Limited | - | - | - | - | 4,454.94 | 4,454.94 |
| BREP VII NTPL Holding (NQ) Pte. Limited. | - | - | - | - | 1,112.97 | 1,112.97 |
| BREP Asia SBS NTPL Holding (NQ) Limited. | - | - | - | - | 21.13 | 21.13 |
| BREP VII SBS NTPL Holding (NQ) Limited | - | - | - | - | 6.04 | 6.04 |
| BREP Asia SG Oxygen Holding (NQ) Pte. Limited. | - | - | - | - | 9,798.86 | 9,798.86 |
| BREP VII SG Oxygen Holding (NQ) Pte. Limited | - | - | - | - | 2,448.42 | 2,448.42 |
| BREP Asia SBS Oxygen Holding (NQ) Limited | - | - | - | - | 48.25 | 48.25 |
| BREP VII SBS Oxygen Holding (NQ) Limited | - | - | - | - | 13.36 | 13.36 |
| BREP GML Holding (NQ) Pte. Limited. | - | - | - | - | 3,712.50 | 3,712.50 |
| BREP VII GML Holding (NQ) Pte. Limited | - | - | - | - | 927.45 | 927.45 |
| BREP Asia SBS GML Holding (NQ) Limited | - | - | - | - | 17.54 | 17.54 |
| BREP VII SBS GML Holding (NQ) Limited | - | - | - | - | 5.01 | 5.01 |
| Margin money kept on behalf of Trust | | | | | | |
| Embassy Office Parks Management Services Private Limited | - | - | - | - | 20.00 | 20.00 |

53 **Related party disclosures (contd.)**

III. Related party balances

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|--|----------------------------|------------------------|-----------------------|
| Short-term loans | | | |
| Embassy Property Developments Private Limited | 165.36 | 953.64 | - |
| Trade payables | | | |
| Embassy Services Private Limited | 52.12 | - | - |
| Embassy Office Parks Management Service Private Limited | 47.81 | 13.71 | - |
| Mac Charles (India) Limited | 0.48 | - | - |
| Synergy Property Development Services Private Limited | 0.44 | - | - |
| FIFC Condominium | 12.79 | - | - |
| Unbilled revenue | | | |
| Vikas Telecom Private Limited | 24.60 | - | - |
| Embassy Property Developments Private Limited | 11.48 | - | - |
| Dynasty Properties Private Limited | 3.96 | - | - |
| Golflinks Software Parks Private Limited | 17.96 | - | - |
| Embassy Services Private Limited | 68.07 | - | - |
| Other current financial assets - other receivables from related party | | | |
| Embassy Office Parks Management Service Private Limited | 4.51 | - | - |
| Embassy Property Developments Private Limited | 225.22 | 225.22 | - |
| Manyata Builders Private Limited | 5.52 | - | - |
| FIFC Condominium | 2.52 | - | - |
| Other current financial liabilities | | | |
| Embassy Property Developments Private Limited | - | 19.33 | - |
| Embassy One Developers Private Limited | 8.98 | 9.54 | - |
| Embassy Shelters Private Limited | 0.71 | - | - |
| Embassy Services Private Limited | 76.48 | - | - |
| Embassy Office Parks Management Services Private Limited | 54.28 | 158.00 | - |
| FIFC Condominium | 0.65 | - | - |
| Current liabilities - payable for purchase of fixed assets | | | |
| Embassy Property Developments Private Limited | - | 20.94 | - |
| Reddy Veeranna Constructions Private Limited | - | 30.00 | - |
| Synergy Property Development Services Private limited | 2.19 | - | - |
| Other non-current assets - capital advance | | | |
| Embassy Shelters Private Limited | 340.33 | 340.32 | - |
| Reddy Veeranna Constructions Private Limited | 6.50 | - | - |
| Synergy Property Development Services Private limited | 116.85 | - | - |
| Other non-current assets - advance paid for purchase of development rights on a land and purchase of land | | | |
| Embassy Property Developments Private Limited * | 9,046.36 | 8,774.00 | - |
| Trade receivables | | | |
| Jitendra Virwani | 0.37 | 0.39 | - |
| K J George | 8.12 | 8.12 | - |
| Embassy Property Developments Private Limited | 12.64 | 2.00 | - |
| Vikas Telecom Private Limited | 32.02 | - | - |
| Embassy Services Private Limited | 9.67 | - | - |
| Wework India Management Private Limited | - | 0.05 | - |
| Golflinks Software Parks Private Limited | 1.00 | - | - |
| Embassy Office Parks Management Services Private Limited | 0.02 | - | - |
| Embassy Construction Private Limited | 0.03 | - | - |
| Embassy Industrial Parks Private Limited | 0.03 | - | - |

53 Related party disclosures (contd.)

III. Related party balances

| Particulars | As at 30 September 2019 | As at 31 March 2019 | As at 1 April 2018 |
|---|----------------------------|------------------------|-----------------------|
| Lease deposits | | | |
| Wework India Management Private Limited | 7.20 | 7.20 | - |
| Snap Offices Private Limited | 0.48 | - | - |
| Investment in Debentures | | | |
| Golflinks Software Parks Private Limited | 1,630.99 | - | - |
| Pre-paid expenses | | | |
| Axis Trustee Services Limited | 1.48 | - | - |
| Liability towards margin money kept on behalf of Trust | | | |
| Embassy Office Parks Management Services Private Limited | 20.00 | 20.00 | - |
| Corporate guarantee/ letter of undertaking received for loan taken | | | |
| Embassy Property Developments Private Limited | - | 2,300.00 | - |
| Initial refundable receipt from co-sponsor | | | |
| Embassy Property Developments Private Limited | - | 0.50 | - |
| Other current financial liabilities - Security deposit | | | |
| Vikas Telecom Private Limited | 105.00 | 105.00 | - |
| Golflinks Software Parks Private Limited | 80.00 | 80.00 | - |

MPPL and Embassy Property Developments Private Limited ('EPDPL') have entered into a co-development agreement whereby EPDPL shall develop bare shell building to be handed over to MPPL by December 2019 for a consideration of Rs. 6,550 million to EPDPL (including development consideration, one-time premium, cost of bare shell construction and development fee), of which Rs. 5,912.36 million has already been paid as of September 30, 2019. EPDPL is entitled to pay a compensation for any delay in delivery beyond December 2019. MPPL has also appointed EPDPL as the development manager, to convert the bare shell buildings to warm shell and obtain the occupancy certificate for the buildings by December 8, 2019. The estimated balance cost of the development is Rs. 1,706 million, payment of which is linked to construction milestones. The carrying cost in the consolidated financial statements of the above advance of Rs 9,046.36 million as at 30 September 2019 includes one time fair valuation gain on purchase price allocation on acquisition by the REIT (refer note 50).

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54 Transition to Ind AS 116

On transition, the Embassy Office Parks Group has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar end date. 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.

On transition, the Embassy Office Parks Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at an amount equal to the lease liability measured on the transition date. Accordingly, a right-of-use asset of Rs. 312.13 million and a corresponding lease liability of Rs. 312.13 million has been recognised. The principal portion of the lease payments have been disclosed under cash flows from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flows from operating activities.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

Group as a lessor

The Embassy Office Parks Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The Embassy Office Parks Group accounted for its leases in accordance with Ind AS 116 from the date of transition. The Group does not have any significant impact on account of sub-lease on the application of this standard.

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

| | Balance as on transition date (1 April 2019) | Depreciation for the period | Carrying amount as at 30 September 2019 |
|----------------|---|-----------------------------|---|
| Leasehold land | 312.13 | 1.97 | 310.16 |
| Total | 312.13 | 1.97 | 310.16 |

Impact of application of Ind AS 116:

| | Quarter ended 30 September 2019 | Half year ended 30 September 2019 |
|---|------------------------------------|--------------------------------------|
| Increase in Depreciation | (0.98) | (1.97) |
| Increase in Interest on lease liabilities | (7.81) | (15.61) |
| Decrease in Rental expenses | 0.84 | 10.18 |
| Impact on Profit before tax | (7.95) | (7.40) |

55 Details of utilisation of proceeds of IPO are as follows:

| Objects of the issue as per the prospectus | Proposed utilisation | Actual utilisation upto 31 March 2019 | Unutilised amount as at 31 March 2019 | Actual utilisation upto 30 September 2019 | Unutilised amount as at 30 September 2019 |
|--|----------------------|---------------------------------------|---------------------------------------|---|---|
| Partial or full repayment or pre-payment of bank/ financial institution debt of certain SPVs | 37,100.00 | - | 37,100.00 | 37,100.00 | - |
| Payment of consideration for acquisition of the Embassy One | 4,681.93 | 4,681.93 | - | 4,681.93 | - |
| General purposes including issue expenses | 5,718.07 | - | 5,718.07 | 5,718.07 | - |
| Total | 47,500.00 | 4,681.93 | 42,818.07 | 47,500.00 | - |

56 Details of utilisation of proceeds of issue of Embassy REIT Series I NCD 2019 are as follows:

| Objects of the issue as per the prospectus | Proposed utilisation | Actual utilisation upto 30 September 2019 | Unutilised amount as at 30 September 2019 |
|--|----------------------|---|---|
| Partial or full repayment or pre-payment of bank/ financial institution debt of certain SPVs | 29,150.00 | 29,150.00 | - |
| General purposes including issue expenses | 850.00 | 850.00 | - |
| Total | 30,000.00 | 30,000.00 | - |

57 Distributions

The Board of Directors of the Manager has declared a distribution per unit of Rs 6 to the Unitholders of the REIT for the second quarter 1 July 2019 to 30 September 2019 in their Board meeting held on 11 November 2019. The distributions of Rs 6 per unit comprises Rs 2.7 per unit in the form of interest payment, Rs. 0.14 per unit in the form of dividend and the balance Rs 3.16 per unit in the form of amortization of SPV debt.

Along with distribution of Rs. 5.40 per unit for the quarter ended 30 June 2019 the cumulative distribution for half year ended 30 September 2019 aggregates to Rs. 11.40 per unit.

58 The Condensed Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards 34 “Interim Financial Reporting” read with 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 SEBI Circular. Accordingly, Embassy Office Parks Group has prepared condensed consolidated financial statements which comply with Ind AS applicable for half year ended on 30 September 2019, together with the comparative period data as at and for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing these condensed consolidated financial statements, Embassy Office Parks Group’s opening balance sheet was prepared as at 1 April 2018, which is the date of transition to Ind AS. Further, the accompanying Condensed Consolidated Financial Statements for the half year ended 30 September 2019 may require adjustment before constituting the final consolidated Ind AS financial statements as of and for the year ending 31 March 2020.

59 The REIT acquired the SPVs by issuing units to the erstwhile shareholders of the SPVs on 22 March 2019. The results of the SPVs have been consolidated accordingly and hence the numbers are not comparable. Further, the consolidated figures for the corresponding quarter and half year ended September 30, 2018 and comparative half year ended March 31, 2019, as reported in these Condensed Consolidated Financial Statements have been compiled by the management and approved by the Board of Directors to give a true and fair view of the results in accordance with Ind AS. This information has not been subject to any limited review or audit.

The condensed consolidated financial statements of the Embassy Office Parks Group for the year ended 31 March 2019 have been audited by a firm of chartered accountants other than S R Batliboi & Associates LLP.

for S R Batliboi & Associates LLP

Chartered Accountants

Firm's registration number: 101049W/E300004

for and on behalf of the Board of Directors of

Embassy Office Parks Management Services Pvt Ltd

(as Manager to the Embassy Office Parks REIT)

Sd/-

Adarsh Ranka

Partner

Membership number: 209567

Place: Bengaluru

Date: 11 November 2019

Sd/-

Jitendra Virwani

Director

DIN: 00027674

Place: Bengaluru

Date: 11 November 2019

Sd/-

Tuhin Parikh

Director

DIN: 00544890

Place: Mumbai

Date: 11 November 2019