

## **INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF GMR KAKINADA ENERGY PRIVATE LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying IND AS financial statements of GMR Kakinada Energy Private Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss including statement of Other Comprehensive Income, the Cash Flow Statement and the statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

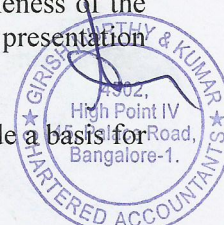
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these IND AS financial statements that give a true and fair view of the state of affairs (financial position), Profit or loss (financial performance including other comprehensive income), cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (IND AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and -presentation of the IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these IND AS financials statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the standalone IND AS Financials Statements in accordance with the Standards on Auditing, issued by The Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the IND AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the IND AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the IND AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IND AS financial statements.





### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IND AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31<sup>st</sup> 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss including statement of Other Comprehensive Income, the Cash Flow Statement and the statement of changes in equity dealt with by this Reports are in agreement with the books of account.
  - (d) In our opinion, the aforesaid IND AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the companies (Indian Accounting Standards) Rules, 2015 as amended.
  - (e) On the basis of written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - a. the Company does not have any pending litigations to be discussed on its financial position in its financial statements
    - b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

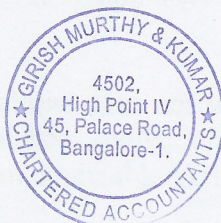




- c. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

PLACE: New Delhi

DATE: 16<sup>th</sup> April 2018



FOR GIRISH MURTHY & KUMAR  
Chartered Accountants

*A. V. Satish Kumar*

A V Satish Kumar  
Partner.

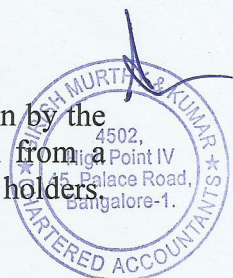
Membership No: 26526  
FRN No.000934S



**Annexure A as referred to in clause 1 of paragraph on report on other legal and regulatory requirements of our report of even date.**

Re: GMR Kakinada Energy Private Limited

- i. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company does not have any fixed assets. Accordingly requirement under Paragraph 3 (i) of the Order is not applicable with respect Fixed assets.
- ii. The nature of company's operations does not warrant requirement of holding stocks and therefore had no stocks of finished goods, stores, spare part and raw materials. Thus, paragraph 3(ii) of the order is not applicable to the company.
- iii. In our opinion and according to the information and explanations given to us, the company has not granted any secured or unsecured loans to the companies, firms, or other parties listed in the register maintained under section 189 of the companies Act 2013.
- iv. In our opinion and according to the information and explanations given to us, the Company has not made any loans or investments. Accordingly requirement under Paragraph 3 (iv) of the Order is not applicable with respect to the loans and investments made under the provisions of section 185 and 186 of the Act.
- v. The company has not accepted deposits from the public during the year and as such this clause is not applicable.
- vi. As there is no operation in the company, no cost records are required to be maintained under sub-section (1) of Section 148 of the Companies Act, 2013 for the activities carried out by the company. Hence reporting under this clause not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, in our opinion the Company is generally regular in payment of undisputed statutory dues including Provident Fund, income tax, Goods and service tax, Customs Duty, Wealth tax and service tax Value added tax, and cess as applicable with appropriate authorities. We are informed by the company that the provisions of Employee state insurance scheme, Investor education and protection fund, and excise duty are not applicable.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, customs duty, wealth tax, service tax, value added tax, cess, goods and service tax and other material statutory dues were in arrears as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable.  
  
(c) Investor education and protection fund is not applicable to the Company.
- viii. Based on our audit procedure and as per the information and explanation given by the management we are of the opinion that the company has not taken any loan from a financial institution or bank or Government or are there any dues to the debenture holders. Accordingly requirement under Paragraph 3 (viii) of the Order is not applicable.





**GIRISH  
MURTHY & KUMAR**  
Chartered Accountants

- ix. The Company did not raise any money by way of initial public offer or further offer (including debt instruments) or has taken term loan during the year. Accordingly requirement under Paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us, and based on our examination of records of the Company, the company has paid/provided any managerial remuneration during the year, as per the provisions of the companies Act, 2013
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**FOR GIRISH MURTHY & KUMAR**  
Chartered Accountants

*A. V. Satish Kumar*  
A V Satish Kumar  
Partner.



Membership No: 26526  
FRN No.000934S

PLACE: Bangalore  
DATE: 16th April 2018



**Annexure B to Auditors' Report of even date**

**Report on the Internal Controls on Financial Reporting under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ("the Act")**

Re: GMR KAKINADA ENERGY PRIVATE LIMITED

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We have audited the internal financial controls over financial reporting of GMR KAKINADA ENERGY PRIVATE LIMITED ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

PLACE: New Delhi

DATE: 16<sup>th</sup> April 2018



FOR GIRISH MURTHY & KUMAR  
Chartered Accountants

*A V Satish Kumar*

A V Satish Kumar  
Partner.

Membership No: 26526  
FRN No.000934S



**GMR Kakinada Energy Private Limited**  
**Balance sheet as at 31st March, 2018**

(Amount in Rs.)

Particulars	Notes	31 March 2018	31 March 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Capital work-in-progress	3	7,749,590	7,749,590
		<b>7,749,590</b>	<b>7,749,590</b>
<b>Current assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	4	4,547	76,848
		<b>4,547</b>	<b>76,848</b>
<b>Total Assets</b>		<b>7,754,137</b>	<b>7,826,438</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	5	100,000	100,000
Other Equity	6	(1,026,373)	(802,532)
		<b>(926,373)</b>	<b>(702,532)</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	7	8,504,755	8,314,755
Other financial liabilities	8	118,845	210,180
Other current liabilities	9	11,535	4,035
Provisions	10	45,375	-
		<b>8,680,510</b>	<b>8,528,970</b>
<b>Total Equity and liabilities</b>		<b>7,754,137</b>	<b>7,826,438</b>

Summary of significant accounting policies 2

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

As per our report attached

**For Girish Murthy & Kumar**

Chartered Accountants

Firm Registration Number: 000934S

**For and on behalf of the Board of directors**

**Ashis Basu**

Director

DIN No: 01872233

Place: Delhi

Date: 16th April'18

**Prabir Kumar Majumdar**

Director

DIN No:03591200

**A.V.Satish Kumar**

Partner

Membership no : 26526

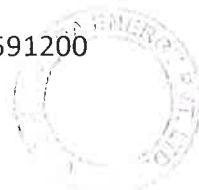
Place: Delhi

Date: 16th April'18



*(Signature)*

*(Signature)*





**GMR Kakinada Energy Private Limited**

**Statement of profit and loss for the year ended 31st March 2018**

(Amount in Rs.)

Particulars	Notes	31-Mar-18	31-Mar-17
<b>Expenses</b>			
Other expenses	11	223,841	219,858
<b>Total Expenses</b>		<b>223,841</b>	<b>219,858</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(223,841)</b>	<b>(219,858)</b>
Exceptional item		-	-
<b>Profit / (Loss) before tax</b>		<b>(223,841)</b>	<b>(219,858)</b>
<b>Tax expenses</b>	12		
Current tax		-	-
Deferred tax		-	-
<b>Profit/(loss) for the period</b>		<b>(223,841)</b>	<b>(219,858)</b>
<b>Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		-	-
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the period</b>		<b>(223,841)</b>	<b>(219,858)</b>
<b>Earnings per equity share</b>			
Basic and diluted	16	<b>(22.38)</b>	<b>(21.99)</b>

Summary of significant accounting policies

2

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

As per our report attached

**For Girish Murthy & Kumar**

Chartered Accountants

Firm Registration Number: 0009345

*A.V. Satish Kumar*

**A.V. Satish Kumar**

Partner

Membership no : 26526

Place: Delhi

Date: 16th April'18



**For and on behalf of the Board of directors**

*Ashis Basu*

**Ashis Basu**

Director

DIN No: 01872233

Place: Delhi

Date: 16th April'18

*Prabir Kumar Majumdar*

**Prabir Kumar Majumdar**

Director

DIN No: 03591200





GMR Kakinada Energy Private Limited  
Cash Flow Statement for the year ended 31st March, 2018

(Amount in Rs.)		
Particulars	31-Mar-18	31-Mar-17
Cash flow from operating activities		
Profit before tax	(223,841)	(219,858)
Adjustments to recocile loss before tax to net cash flows		
Operating profit before working capital changes	(223,841)	(219,858)
Movements in working capital:		
Increase/ (decrease) in other current liabilities	(38,460)	85,475
Net cash flow from/ (used in) operating activities (A)	(262,301)	(134,383)
Cash flows from investing activities		
Net cash flow from/ (used in) investing activities (B)	-	-
Cash flows from financing activities		
Proceeds from related party borrowings	190,000	100,000.00
Net cash flow from/ (used in) in financing activities (C)	190,000	100,000
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(72,301)	(34,383)
Cash and cash equivalents at the beginning of the period	76,848	111,231
Cash and cash equivalents at the end of the period	4,547	76,848
Components of cash and cash equivalents		
With banks- on current account	4,547	76,848
Total cash and cash equivalents (note 5)	4,547	76,848

**Notes:**

1. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standards (Ind AS) 7 Statement of cash flows .

2. Effective April 1, 2017, the company adopted the amendment to Ind AS 7, which requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The reconciliation is given as below:

**Reconciliation to liabilities whose cash flow movements are disclosed as part of financing activities.**

Particulars	1-April-17	Cash flows	Non-Cash changes	31-Mar-18
			Fair value changes	
Borrowings	8,314,755	190,000	-	8,504,755
Total	8,314,755	190,000	-	8,504,755

As per our limited review report of even date

For Girish Murthy & Kumar

Chartered Accountants

Firm Registration Number: 000934S

*A.V. Satish Kumar*

A.V.Satish Kumar

Partner

Membership no.: 26526

Place: Delhi

Date: 16th April'18



For and on behalf of the Board of directors

*Ashis Basu*

Ashis Basu

Director

DIN No: 01872233

Place: Delhi

Date: 16th April'18

*Prabir Kumar Majumdar*

Prabir Kumar Majumdar

Director

DIN No:03591200





**GMR Kakinada Energy Private Limited**  
**Statement of change in equity for the year ended 31st March 2018**

Particulars	Equity Share capital	(Amount in Rs.)		
		Attributable to the equity holders of the parent		Total Equity
		Equity component of Financial instrument	Retained Earning	
<b>As at 1st April,2016</b>	<b>100,000</b>	-	<b>(582,674)</b>	<b>(482,674)</b>
Share Capital Issued during the year	-	-	-	-
Net Profit/(Loss)	-	-	(219,858)	(219,858)
Equity component of Related Party Loans	-	-	-	-
<b>As at 1st April,2017</b>	<b>100,000</b>	-	<b>(802,532)</b>	<b>(702,532)</b>
Share Capital Issued during the year	-	-	-	-
Net Profit/(Loss)	-	-	(223,841)	(223,841)
Equity component of Related Party Loans	-	-	-	-
<b>As at 31st March,2018</b>	<b>100,000</b>	-	<b>(1,026,373)</b>	<b>(926,373)</b>

**For Girish Murthy & Kumar**  
Chartered Accountants  
Firm Registration Number: 000934S

*A.V. Satish Kumar*

A.V.Satish Kumar  
Partner  
Membership no : 26526

Place: Delhi  
Date: 16th April'18



*Ashis Basu*

Ashis Basu  
Director  
DIN No: 01872233

Place: Delhi  
Date: 16th April'18

**For and on behalf of the Board of directors**

*Prabir Kumar Majumdar*

Prabir Kumar Majumdar  
Director  
DIN No:03591200





**3 Capital Work in Progress**

Bank Charges  
Communication Expenses  
Consultancy & Professional Charges  
Interest  
Meetings & Seminars  
Miscellaneous Expenses  
Printing & Stationery  
Rates & taxes  
Rent  
Repairs & Maintenance  
Staff welfare  
Travelling & Conveyance

31-Mar-18	31-Mar-17
11,000	11,000
9,665	9,665
5,371,098	5,371,098
971,606	971,606
11,891	11,891
2	2
29,969	29,969
640,788	640,788
597,765	597,765
1,160	1,160
3,705	3,705
100,942	100,942
<b>7,749,590</b>	<b>7,749,590</b>

**4 Current Financial Assets-Cash and cash equivalents**

Balance with banks on current accounts

31-Mar-18	31-Mar-17
4,547	76,848

**5 Share capital**

**Share capital**

**Authorised Share Capital :**

10,000 Equity shares of Rs.10 each

**Issued & Subscribed and Paid-up**

10,000 (March 31,2017 :10,000) Equity shares of Rs.10 each

31-Mar-18	31-Mar-17
100,000	100,000
100,000	100,000

**a) Reconciliation of the number of the shares outstanding at the beginning and at the end of the year**

**Subscribed & paid up Share Capital :**

Balance at the beginning of the year  
increased/(decreased) during the year  
Outstanding at the end of the year

31-Mar-18	31-Mar-18	31-Mar-17	31-Mar-17
No of shares	Amount in rs	No of shares	Amount in rs
10,000	100,000	10,000	100,000
-	-	-	-
10,000	100,000	10,000	100,000

**b) Terms/ rights attached to equity shares**

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

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

**c) shares held by holding/ultimate holding company and/ or their subsidiaries/associates**

Out of equity issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

Particulars	31-Mar-18	31-Mar-17
<b>GMR Generation Assets Limited along with it's nominees (formerly known as GMR Renewable Energy Limited)</b> 10,000,(31st March, 2017: 10000 ) equity shares of Rs. 10/- each fully paid	100,000	100,000

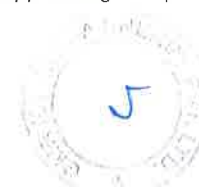
**d) Details of shareholders holding more than 5% shares in the company**

Particulars	31-Mar-18		31-Mar-17	
	No	% holding in	No	% holding in
<b>GMR Generation Assets Limited along with it's nominees (formerly known as GMR Renewable Energy Limited)</b>	10000	100%	10,000	100.00%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest,the above shareholding represent both legal and beneficial ownership of shares.

e) There are no shares reserved for issue under options and contracts/commitments for the sale of shares /disinvestment

f) No Shares have been issued by the Company for consideration other than cash, during the period of five years immediately preceding the reporting





**6 Other Equity**

**Retained Earnings**  
 surplus in the statement of profit and loss  
 Balance as per last financial statements  
 Add: Net profit for the year  
 Net surplus in the statement of profit and loss

**Equity component of financial instruments**  
 Equity component of related party loan  
**Total Other Equity**

31-Mar-18	31-Mar-17
(802,532)	(582,674)
(223,841)	(219,858)
(1,026,373)	(802,532)
<b>(1,026,373)</b>	<b>(802,532)</b>

**7 Financial Liabilities-Borrowings**

Unsecured loan from Related party

31-Mar-18	31-Mar-17
8,504,755	8,314,755
<b>8,504,755</b>	<b>8,314,755</b>

The Company has accepted interest free intercorporate deposits from its holding company which is repayable on demand or such other time as may be mutually agreed between the parties. Interest rate for 31st March 2018 is nil, 31st March 2017 is nil.

**8 Financial Liabilities-Other financial liabilities**

Non trade payable

31-Mar-18	31-Mar-17
118,845	210,180
<b>118,845</b>	<b>210,180</b>

**9 Other current liabilities**

Others  
 TDS Payable

31-Mar-18	31-Mar-17
3,160	3,160
8,375	875
<b>11,535</b>	<b>4,035</b>

**10 Provisions**

Provision for Expenses

31-Mar-18	31-Mar-17
45,375	-
<b>45,375</b>	<b>-</b>





**GMR Kakinada Energy Private Limited**

**Notes to financial statements for the year ended 31st March, 2018**

**11 Other expenses**

**(Amount in Rs.)**

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
Rates and taxes	6,066	6,027
Legal and professional fees	600	1,200
Rent	175,875	172,375
Payment to auditor (Refer details below)	41,300	40,250
Miscellaneous expenses	-	6
	<b>223,841</b>	<b>219,858</b>

**Payment to auditor**

	<b>31-Mar-18</b>	<b>31-Mar-17</b>
As auditor:		
Audit fee	17,700	17,250
Limited review	23,600	23,000
	<b>41,300</b>	<b>40,250</b>





**GMR Kakinada Energy Private Limited**

**12 Income tax expenses in the statement of profit and loss consist of the following:**

	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>Tax expenses</b>		
Current tax	-	-
Deferred tax	-	-
<b>Total taxes</b>	-	-

**Effective Tax Reconciliation for the year ended March 31, 2018**

(Amount in Rupees , unless otherwise stated)

	Year ended 31-Mar-18	Year ended 31-Mar-17
<b>Income tax</b>		
Accounting profit before tax	(223,841)	(219,858)
Tax rate	25.75%	29.87%
<b>Tax at the applicable tax rate of 25.75% (March 31, 2017: 29.87%)</b>	(57,639)	(65,672)
Deferred tax**	57,639	65,672
<b>At the effective income tax rate</b>	-	-
<b>Total tax expense reported in the statement of profit and loss</b>	-	-

\*\*Deferred tax asset has not been recognized because on brought forward losses as there is no probability/convincing or other evidence that sufficient taxable profits will be available against which DTA will be adjusted.





**GMR Kakinada Energy Private Limited**

**Related Party Transactions**

**For the year ended 31st March, 2018**

**A) Expenditure**

S.no	Counter Party Group Company	Counter Party Group Company Code	Nature of Transaction	Where it is shown in Financial Statements	Operating GL Code	For the year ended 31st March, 2018
1	GMR Corporate Affairs Pvt.Ltd	I6610	Rent	Other expenses- Rent	6050001001	175,875
2	GMR Enterprises Private Limited	I6000	Logo Fees	Other expenses-Rate & taxes	6100003014	1,120

**For Girish Murthy & Kumar**

Chartered Accountants

Firm Registration Number: 000934S



**A V Satish Kumar**

**Partner**

Membership Number : 26526

Place : Delhi

Date:



**For and on behalf of Board of Directors**



**Ashis Basu**  
**Director**

DIN No: 01872233

Place: Delhi

Date:



**Prabir Kumar**  
**Majumdar**  
**Director**

DIN No:03591200





**GMR Kakinada Energy Private Limited**

**Related Party Transactions**

**As at 31st March, 2018**

**A) Payables - Sy. Creditors**

Counter Party Group Company	Counter Party Group Company Code	Nature of Transaction	Where it is shown in Financial Statements	Operating GL Code	As at 31st March, 2018
GMR Coporate Affairs Pvt Ltd	I6610	Rent payable	Other financial liabilities	2050201016	81,000

**B) Share Capital**

Counter Party Group Company	Counter Party Group Company Code	Nature of Transaction	Where it is shown in Financial Statements	Operating GL Code	As at 31st March, 2018
GMR Generation Assets Limited (Formerly known as GMR Renewable Energy Limited)	I2361	Equity Share Capital	Share Capital	2010101006	100,000

**C) Loans payable to Group Companies**

Counter Party Group Company	Counter Party Group Company Code	Nature of Transaction	Where it is shown in Financial Statements	Operating GL Code	As at 31st March, 2018
GMR Generation Assets Limited (Formerly known as GMR Renewable Energy Limited)	I2361	ICD payable	Borrowings	2030500010	8,504,755

**d) Provision**

Counter Party Group Company	Counter Party Group Company Code	Nature of Transaction	Where it is shown in Financial Statements	Operating GL Code	As at 31st March, 2018
GMR Coporate Affairs Pvt Ltd	I6610	Rent provision	PROVSNS O/S EXPS	2050203011	44,250
GMR Enterprises Private Limited	I6000	Logo Fees	PROVSNS O/S EXPS	2050203011	1,120

For Girish Murthy & Kumar  
Chartered Accountants  
Firm Registration Number: 000934S

*A. V. Satish Kumar*

A V Satish Kumar  
Partner  
Membership Number: 26526

Place: Delhi  
Date:



For and on behalf of Board of Directors

*Ashis Basu*

Ashis Basu  
Director  
DIN No: 01872233

Place: Delhi  
Date:

*Prabir Kumar Majumdar*

Prabir Kumar Majumdar  
Director  
DIN No: 03591200





## 1. Corporate Information

GMR Kakinada Energy Private Limited is promoted as a Special Purpose Vehicle (SPV) by GMR Energy Limited, erstwhile holding company, to develop and operate gas based power project.

The registered office of the company is located at 25/1. SKIP House, Museum Road, Bengaluru-560025

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

Information on other related party relationships of the Company is provided in Note no 16.

The financial statements were approved for issue in accordance with a resolution of the directors on 16<sup>th</sup> April 2018.

## 2. Summary of Significant Accounting Policies

### Basis of Preparation:

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

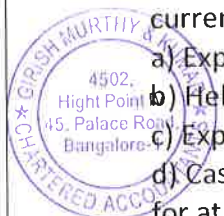
Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (INR).

### Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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





**GMR Kakinada Energy Private Limited**  
**(Formerly known as Londa Hydropower Private Limited)**  
**Notes to Financial Statements for the year ended 31<sup>st</sup> March 2018**

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities as non-current.

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

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

### **Property, plant and equipment**

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

#### **Recognition:**

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

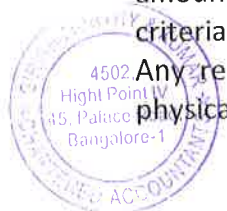
- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

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

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

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

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



**GMR Kakinada Energy Private Limited**  
**(Formerly known as Londa Hydropower Private Limited)**  
**Notes to Financial Statements for the year ended 31<sup>st</sup> March 2018**

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

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

Assets under installation or under construction as at the balance sheet date are shown as Capital Work in Progress and the related advances are shown as Loans and advances.

All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / attributable to construction of project, borrowing cost incurred prior to the date of commercial operation and trial run expenditure are shown under Capital Work-in-Progress. These expenses are net of recoveries and income from surplus funds arising out of project specific borrowings after taxes.

### **Depreciation**

The depreciation on the tangible fixed assets is calculated on a straight-line basis using therates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of Companies Act, 2013. Assets individually costing less than Rs. 5,000, which are fully depreciated in the year of acquisition.

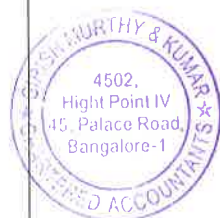
Depreciation on additions is being provided on a pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the year is being provided up to the dates on which such assets are sold/disposed off. Modification or extension to an existing asset, which is of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

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

Leasehold land is amortised over the tenure of the lease except in case of power plants where it is amortised from the date of commercial operation. Leasehold improvements are the amortised over the primary period of the lease or estimated useful life whichever is shorter.

### **Provisions, Contingent liabilities, Contingent assets, and Commitments**

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





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

**Contingent liability is disclosed in the case of:**

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**Retirement and other Employee Benefits**

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

- i) The date of the plan amendment or curtailment, and
- ii) The date that the Company recognises related restructuring costs

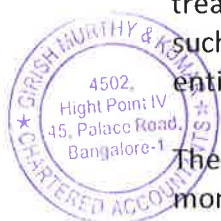
Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ii) Net interest expense or income.

**Short term employee benefits**

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long—term employee benefit for measurement purposes. Such long—term compensated absences are provided for based on the actuarial valuation using the



projected unit credit method at the year—end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

### Defined benefit plans

Gratuity is a defined benefit scheme which is funded through policy taken from Life insurance corporation of India and Liability (net of fair value of investment in LIC) is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days' salary (based on last drawn basic salary) for each completed year of service. The cost of providing benefits under the scheme is determined on the basis of actuarial valuation under projected unit credit (PUC) method.

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

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

- a. The date of the plan amendment or curtailment, and
- b. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b. Net interest expense or income

### Long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.



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## Financial Instruments

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

## Financial assets

### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a. Debt instruments at amortised cost
- b. Debt instruments at fair value through other comprehensive income (FVTOCI)
- c. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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

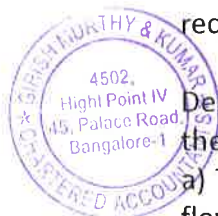
- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and



b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### **Derecognition**

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

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





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

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

### **Impairment of financial assets**

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on;

- a) Trade receivables or contract revenue receivables; and
- b) All lease receivables resulting from transactions within the scope of Ind AS 17

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

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

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

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

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

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

- a) Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
- b) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- c) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.



## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative



gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings :** This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

#### **Reclassification of financial assets**

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

#### **Offsetting of financial instruments**

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

#### **Derivative financial instruments**

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



5



### Cash and Cash Equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

### Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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

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

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

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

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

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



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

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

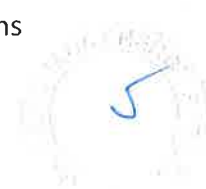
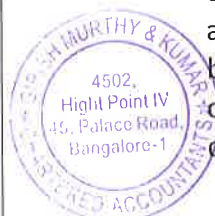
The Valuation Committee, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Company's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- a) Disclosures for valuation methods, significant estimates and assumptions
- b) Contingent consideration
- c) Quantitative disclosures of fair value measurement hierarchy
- d) Investment in unquoted equity shares (discontinued operations)





### **Revenue recognition**

Revenue from sale of energy is recognized on accrual basis in accordance with the provisions of the Power Purchase Agreement (PPA), after Commercial Operation Date and includes unbilled revenue accrued up to the end of the accounting year. Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to customers based on the units of energy delivered and the rate agreed with the customers.

The Claims for delayed payment charges and any other claims, which the Company is entitled to under the PPAs, are accounted for in the year of acceptance.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

### **Interest income:**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**Dividends:** Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.



## **Taxes on income**

### **Current income tax**

**Tax expense comprises current and deferred tax.**

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

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

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

### **Deferred tax**

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss





b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses  
Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- ▶ When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ▶ When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax



during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961 issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### **Earning per share**

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

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **Significant accounting judgments, estimates and assumptions:**

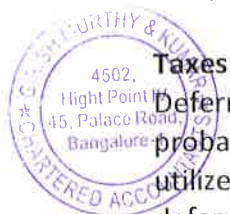
The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### **Estimates and assumptions**

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

### **Taxes**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.





### **Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



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**12. Contingent Liability-**as at 31<sup>st</sup> March 2018 is Nil ,31<sup>st</sup> March, 2017: Nil

**13. Capital commitments/ Other commitments:**

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is Rs Nil (March 31, 2017: Nil)

The Company has entered into lease contract and the commitment as at 31<sup>st</sup> March 2018 is Rs. Nil (March 31, 2017: Nil)

**14. Employee Benefits:**

As there are no employees, the company has not determined the liability for gratuity and long term compensated absences in accordance with Ind AS 19.

**15. Earnings Per Share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Nominal value of Equity Shares(Rs. Per share)	10	10
Total No. of Equity Shares outstanding at the beginning of the Year	10,000	10,000
Total No. of Equity Shares outstanding at the end of the Year	10,000	10,000
Weighted average No. of Equity shares for Basic earnings per Share	10,000	10,000
Weighted average number of Equity shares adjusted for the effect of dilution	10,000	10,000
Profit attributable to equity holders of the parent for basic earnings	(223,841)	(219,858)
Profit attributable to equity holders of the parent adjusted for the effect of dilution	(223,841)	(219,858)
Less: Dividend on Preference shares (including tax thereon)	-	-
Profit/(Loss) for Earning per share	(223,841)	(219,858)
Basic Earnings per Share (EPS)	(22.38)	(21.99)



**16. Related Party Disclosures:**

**Names of related parties and related party relationship**

Enterprises that control the company	GMR Generation Assets Limited GMR Infrastructure Limited
Ultimate holding company	GMR Enterprises Private Limited
Fellow Subsidiaries	<p>GMR Sports Private Limited</p> <p>GMR League Games Private Limited</p> <p>GMR Infratech Private Limited</p> <p>Cadence Enterprises Private Limited</p> <p>PHL Infrastructure Finance Company Private Limited</p> <p>Vijay Nivas Real Estates Private Limited</p> <p>Fabcity Properties Private Limited</p> <p>Kondampeta Properties Private Limited</p> <p>Hyderabad Jabilli Properties Private Limited</p> <p>Leora Real Estates Private Limited</p> <p>Pashupati Artex Agencies Private Limited</p> <p>Ravivarma Realty Private Limited</p> <p>GMR Solar Energy Private Limited</p> <p>Rajam Enterprises Private Limited</p> <p>Grandhi Enterprises Private Limited</p> <p>Ideaspace Solutions Private Limited</p> <p>National SEZ Infra Services Private Limited</p> <p>Kakinada Refinery and Petrochemicals Private Limited</p> <p>Corporate Infrastructure Services Private Limited</p> <p>GMR Bannerghatta Properties Private Limited</p> <p>Kirthi Timbers Private Limited</p> <p>AMG Healthcare Destination Private Limited</p> <p>GMR Holding (Malta) Limited</p> <p>GMR Infrastructure (Malta) Limited</p> <p>GMR Holdings (Overseas) Limited</p> <p>GMR Holdings (Mauritius) Limited</p> <p>Crossridge Investments Limited</p> <p>Interzone Capital Limited</p> <p>GMR Holdings Overseas (Singapore) Pte Limited</p> <p>GMR Business &amp; Consultancy LLP</p> <p>GMR Energy Limited (GEL)</p> <p>GMR Power Corporation Limited (GPCL)</p> <p>GMR Vemagiri Power Generation Limited (GVPGL)</p> <p>GMR (Badrinath) Hydro Power Generation Private Limited</p> <p>GMR Mining &amp; Energy Private Limited (GMEL)</p> <p>GMR Kamalanga Energy Limited (GKEL)</p> <p>Himtal Hydro Power Company Private Limited (HHPPL)</p> <p>GMR Energy (Mauritius) Limited (GEML)</p> <p>GMR Lion Energy Limited (GLEL)</p>



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GMR Upper Karnali Hydropower Limited (GUKPL)  
GMR Energy Trading Limited (GETL)  
GMR Consulting Services Private Limited (GCSPL)  
GMR Maharashtra Energy Limited (GMEL)  
GMR Bajoli Holi Hydropower Private Limited (GBHHPL)  
GMR Londa Hydropower Private Limited (GLHPPL)  
GMR Coastal Energy Private Limited (GCEPL)  
GMR Chhattisgarh Energy Limited (GCHEPL)  
GMR Energy (Cyprus) Limited (GECL)  
GMR Energy (Netherlands) B.V. (GENBV)  
PT Dwikarya Sejati Utma (PTDSU)  
PT Duta Sarana Internusa (PTDSI)  
PT Barasentosa Lestari (PTBSL)  
SJK Powergen Limited (SJK)  
PT Unsoco (PT)  
GMR Warora Energy Limited ( Formerly EMCO Energy Limited)  
Indo Tausch Trading DMCC (ITTD)  
GMR Bundelkhand Energy Private Limited (GBEPL)  
GMR Rajam Solar Power Private Limited (formerly known as GMR Uttar Pradesh Energy Private Limited (GUPEPL)  
GMR Hosur Energy Limited (GHOEL)  
GMR Gujarat Solar Power Private Limited (GGSPPL)  
Karnali Transmission Company Private Limited (KTCPL)  
Marsyangdi Transmission Company Private Limited (MTCPL)  
GMR Indo-Nepal Energy Links Limited (GINELL)  
GMR Indo-Nepal Power Corridors Limited (GINPCL)  
GMR Genco Assets Limited (formerly known as GMR Hosur Energy Limited (GHOEL))  
Aravali Transmission Service Company Limited (ATSCL)  
Maru Transmission Service Company Limited (MTSCL)  
GMR Energy Projects (Mauritius) Limited (GEPML)  
GMR Infrastructure (Singapore) Pte Limited (GISPL)  
GMR Coal Resources Pte Limited (GCRPL)  
GMR Power Infra Limited (GPIL)  
GMR Highways Limited (GMRHL)  
GMR Tambaram Tindivanam Expressways Limited (GTTEPL)  
GMR Tuni Anakapalli Expressways Limited (GTAEPL)  
GMR Ambala Chandigarh Expressways Private Limited (GACEPL)  
GMR Pochanpalli Expressways Limited (GPEPL)  
GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL)  
GMR Chennai Outer Ring Road Private Limited (GCORRPL)  
GMR Kishangarh Udaipur Ahmedabad Expressways Limited (GKUAEL)  
GMR Highways Projects Private Limited (GHPPL)  
GMR Hyderabad International Airport Limited (GHIAL)



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Gateways for India Airports Private Limited (GFIAL)  
Hyderabad Airport Security Services Limited (HASSL)  
GMR Hyderabad Airport Resource Management Limited (GHARML)  
GMR Hyderabad Aerotropolis Limited (HAPL)  
GMR Hyderabad Aviation SEZ Limited (GHASL)  
GMR Aerospace Engineering Limited (GAEL (formerly known as MAS GMR Aerospace Engineering Company Limited)  
GMR Aero Technic Limited (GATL) (formerly known as MAS GMR Aero Technic Limited (MGATL))  
Hyderabad Duty Free Retail Limited (HDFRL)  
GMR Airport Developers Limited (GADL)  
GADL International Limited (GADLIL)  
GADL (Mauritius) Limited (GADLML)  
GMR Hotels and Resorts Limited (GHRL)  
GMR Hyderabad Airport Power Distribution Limited (GHAPDL)  
Delhi International Airport Private Limited (DIAL)  
Delhi Aerotropolis Private Limited (DAPL)  
Delhi Duty Free Services Private Limited (DDFS)  
Delhi Airport Parking Services Private Limited (DAPSL)  
GMR Airports Limited (GAL)  
GMR Airport Global Limited (GAGL)  
GMR Airports (Mauritius) Limited (GALM)  
GMR Aviation Private Limited (GAPL)  
Raxa Security Services Limited (Raxa)  
GMR Krishnagiri SEZ Limited (GKSEZ)  
Advika Properties Private Limited (APPL)  
Aklima Properties Private Limited (AKPPL)  
Amartya Properties Private Limited (AMPPL)  
Baruni Properties Private Limited (BPPL)  
Bougainvillea Properties Private Limited (BOPPL)  
Camelia Properties Private Limited (CPPL)  
Deepesh Properties Private Limited (DPPL)  
Eila Properties Private Limited (EPPL)  
Gerbera Properties Private Limited (GPL)  
Lakshmi Priya Properties Private Limited (LPPPL)  
Honeysuckle Properties Private Limited (HPPL)  
Idika Properties Private Limited (IPPL)  
Krishnapriya Properties Private Limited (KPPL)  
Larkspur Properties Private Limited (LAPPL)  
Nadira Properties Private Limited (NPPL)  
Padmapriya Properties Private Limited (PAPPL)  
Prakalpa Properties Private Limited (PPPL)  
Purnachandra Properties Private Limited (PUPPL)  
Shreyadita Properties Private Limited (SPPL)  
Pranesh Properties Private Limited (PRPPL)



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**GMR Kakinada Energy Private Limited**  
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**Notes to Financial Statements for the year ended 31<sup>st</sup> March 2018**

	<p>Sreepa Properties Private Limited (SRPPL)  Radhapriya Properties Private Limited (RPPL)  Asteria Real Estates Private Limited (AREPL)  GMR Hosur Industrial City Private Limited (GHICL)  Namitha Real Estates Private Limited (NREPL)  Honey Flower Estates Private Limited (HFEPL)  GMR Hosur EMC Limited (GHEMCL)  GMR SEZ and Port Holdings Limited (GSPHL)  East Godavari Power Distribution Company Private Limited (EGPDCPL)  Suzone Properties Private Limited (SUPPL)  GMR Utilities Private Limited (GUPL)  Lilliam Properties Private Limited (LPPL)  GMR Corporate Affairs Private Limited (GCAPL)  Dhruvi Securities Private Limited (DSPL)  Larkspur Properties Private Limited (LAPPL)  GMR Business Process and Services Private Limited (GBPSPL)  GMR Infrastructure (Mauritius) Limited (GIML)  GMR Infrastructure (Cyprus) Limited (GICL)  GMR Infrastructure Overseas Limited (GIOL)  GMR Infrastructure (UK) Limited (GIUL)  GMR Infrastructure (Global) Limited (GIGL)  GMR Energy (Global) Limited (GEGL)  Kakinada Gateway Port Limited (KGPL)  GMR Goa International Airport Limited (GGIAL)  GMR SEZ Infra Services Limited (GSISL)  GMR Infrastructure (Overseas) Limited (GIOL)  GMR Infra Developers Limited (GIDL)</p> <p>GMR Infrastructure (Cyprus) Limited (GICL)  GMR Infrastructure Overseas Limited (GIOL)  GMR Infrastructure (UK) Limited (GIUL)  GMR Infrastructure (Global) Limited (GIGL)  GMR Energy (Global) Limited (GEGL)  Kakinada Gateway Port Limited (KGPL)  GMR Goa International Airport Limited (GGIAL)  GMR SEZ Infra Services Limited (GSISL)  GMR Infrastructure (Overseas) Limited (GIOL)  GMR Infra Developers Limited (GIDL)</p>
<b>Key Management Personnel</b> 	<p>Mr. Ashis Basu, Director  Mr. Prabir Kumar Majumdar, Director</p>

**Related parties with whom transactions are taken place during the year**

Enterprises that control the Company	: GMR Generation Assets Limited
Ultimate Holding Company	: GMR Enterprises Private Limited
Fellow Subsidiaries	: GMR Corporate Affairs Private Limited
	: GMR Energy Limited

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**Notes to Financial Statements for the year ended 31<sup>st</sup> March 2018**

**Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year and the closing balance as on 31<sup>st</sup> March 2018.

**a) Summary of transactions with the above related parties is as follows:**

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
ICD received from GMR Generation Assets Limited	1,90,000	8,314,755
ICD repaid to GMR Energy Limited	-	8,314,755
ICD received from GMR Energy Limited	-	100,000
Rental Deposit paid to Kakinada SEZ	-	-
Logo fee-GMR Enterprises Private Limited	1,120	1,055
Rent -GMR Corporate Affairs Pvt Ltd	1,75,875	172,375

**b) Closing balances with the above related parties is :**

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
ICD payable to GMR Generation Assets Limited	8,504,755	8,314,755
ICD payable to GMR Energy Limited	-	-
Logo fee payable to GMR Enterprises Private Limited	1,120	1,055
Rent Payable to Corporate Affairs Pvt Ltd	81,000	172,375
Equity share capital held by-GMR Energy Limited	-	-
Equity share capital held by- Generation Assets Limited	100,000	100,000

No compensation has been provided to key management personnel.

**17. Disclosures on Financial instruments**

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

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



**GMR Kakinada Energy Private Limited**  
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**Notes to Financial Statements for the year ended 31<sup>st</sup> March 2018**

**(a) Financial assets and liabilities**

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2018 and March 31, 2017.

**As at March 31, 2018**

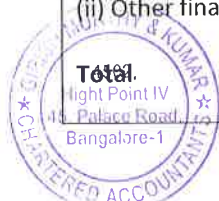
**(Amount in Rs.)**

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
<b>Financial assets</b>					
(i) Cash and cash equivalents	-	-	4,546.66	4,546.66	4,546.66
<b>Total</b>	-	-	<b>4,546.66</b>	<b>4,546.66</b>	<b>4,546.66</b>
<b>Financial liabilities</b>					
(i) Borrowings	-	-	8,504,755.00	8,504,755.00	8,504,755.00
(ii) Other financial liabilities	-	-	118,845.00	118,845.00	118,845.00
(iii) Financial guarantee contracts	-	-	-	-	-
<b>Total</b>	-	-	<b>8,623,600.00</b>	<b>8,623,600.00</b>	<b>8,623,600.00</b>

**As at March 31, 2017**

**( Amount In Rs.)**

Particulars	Fair value through consolidated statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying value	Total Fair value
<b>Financial assets</b>					
(i) Cash and cash equivalents	-	-	76,848	76,848	76,848
<b>Total</b>	-	-	<b>76,848</b>	<b>76,848</b>	<b>76,848</b>
<b>Financial liabilities</b>					
(i) Borrowings	-	-	8,314,755	8,314,755	8,314,755
(ii) Other financial liabilities	-	-	210,180	210,180	210,180
<b>Total</b>	-	-	<b>8,524,935</b>	<b>8,524,935</b>	<b>8,524,935</b>





## 18. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk & liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

### Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Financial instruments and cash deposits- Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the company's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

### Liquidity Risk:

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

Maturity profile of the company's financial liabilities based on contractual undiscounted payments as on 31<sup>st</sup> March 2018

Amount in rupees.

Year ended 31 <sup>st</sup> March 2018	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Other financial liabilities	1,18,845					1,18,845
Borrowings	85,04,755					85,04,755
<b>Total</b>	<b>86,23,600</b>	-	-	-	-	<b>86,23,600</b>



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Maturity profile of the company's financial liabilities based on contractual undiscounted payments as on 31<sup>st</sup> March 2017

Amount in rupees.

Year ended 31 <sup>st</sup> March 2017	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Other financial liabilities	2,10,180					2,10,180
Borrowings	83,14,755					82,14,755
<b>Total</b>	<b>85,24,935</b>	-	-	-	-	<b>85,24,935</b>

19. The Company has entered into certain cancelable operating lease agreements mainly for office premises. The lease rentals considered is shown under the statement of profit or loss for the period as per the agreement are as follows:

Particulars	For year ended 31 <sup>st</sup> March 2018	For year ended 31 <sup>st</sup> March 2017
Lease Rentals under cancelable leases	1,75,875	172,375
Lease Rentals under non-cancelable leases	-	-

20. Expenditure in Foreign Currency – Nil

21. Deferred tax assets and liability are being offset as they relate to taxes on income levied by the same governing taxation laws. The company has Rs.5,54,295/-(31<sup>st</sup> March 2017: 377,937 /-)of tax losses carried forward. Deferred tax asset has not been recognized because on brought forward losses as there is no probability/convincing or other evidence that sufficient taxable profits will be available against which DTA will be adjusted.

22. **Pending Litigations:** the Company does not have any pending litigations which would impact its financial position.

23. **Foreseeable losses:** the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

24. There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2016. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

**25. Segment Reporting**

The company is engaged primarily in the business of setting and running of Power Plants. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and

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secondary segment reporting disclosures as envisaged in Accounting Standard (Ind AS-108) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the company.

## **26. Capital Management**

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations

Amounts in Rs		
Particulars	At 31 March 2018	At 31 March 2017
Borrowings	8,504,755	8,314,755
<b>Total debts</b>	<b>8,504,755</b>	<b>8,314,755</b>
<b>Capital Components</b>		
Share Capital	100,000.00	100,000.00
Other equity	(1,026,373)	(802,532)
<b>Total Capital</b>	<b>(926,373)</b>	<b>(702,532)</b>
<b>Capital and net debt</b>	<b>7,578,382</b>	<b>7,612,223</b>
<b>Gearing ratio (%)</b>	<b>112%</b>	<b>109%</b>

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017.

## **27. New Indian Accounting Standard (Ind AS) issued but not yet effective**

Ind AS 115 'Revenue from Contracts with Customers' was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers.



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Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 and permits two possible methods of transition:

- (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or
- (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the Company expects there to be a change in the manner that variable consideration in certain revenue arrangements is recognized from the current practice of recognizing such revenue as the services are performed and the variable consideration is earned to estimating the achievability of the variable conditions when the Company begins delivering services and recognizing that amount over the contractual period. The Company also expects a change in the manner that it recognizes certain incremental and fulfilment costs from expensing them as incurred to deferring and recognizing them over the contractual period. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

**Amendments to Indian Accounting Standards (Ind AS) issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards)

Amendment Rules, 2018 amending the following standard:

**Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments.

**Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements



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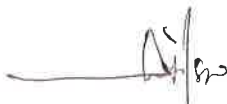
**28.** The Previous year's figures have been re-grouped and reclassified, wherever necessary, to confirm to those of current year .

**For Girish Murthy & Kumar**  
**Chartered Accountants**  
**Firm Registration No:000934S**

**For and on behalf of Board of Directors**



**A V Satish Kumar**  
Partner  
M.No.26526



**Ashis Basu**  
Director  
DIN No: 01872233



**Prabir Kumar Majumdar**  
Director  
DIN No. :03591200

Place: Delhi  
Date: 16<sup>th</sup> April 18



Place: Delhi  
Date: 16<sup>th</sup> April '18

