INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GMR KAMALANGA ENERGY LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **GMR KAMALANGA ENERGY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including the 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 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 changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. 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 financial 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 Ind AS financial 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 Ind AS financial statements are free from material misstatement.

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CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2018, and its loss (financial performance) including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 20(a) to the Ind AS Financial Statements for the year ended March 31, 2018, regarding recognition of income relating to claims on coal cost pass through which are pending for adjudication before Appellate Tribunal for Electricity (APTEL) in case of power purchase agreement (PPA) with Bihar State Power (Holding) Company Limited (BSPHCL) [erstwhile Bihar State Electricity Board (BSEB)] in view of Supreme Court Judgement as referred to in the note and Central Electricity Regulatory Commission (CERC) Order in case of PTC India Limited (Haryana Discoms) during the year. Considering the opinions received from legal counsels that the Company has good tenable case with virtual certainty with respect to coal cost pass through and CERC judgment in Company's own case for Haryana Discoms where the computation methodology of Coal Pass Through was decided, the management of the Company is virtually certain on receipt of revenue on coal cost pass through and has recognized the income of Rs. 1709.23 million during the year from the date of scheduling of power to BSPHCL under PPA.
Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter;

e) on the basis of the 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'; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company has disclosed the impact of pending litigations on its financial position to the extent quantifiable in its Ind AS financial statements – Refer Note No. 32 to Note No. 34 to the Ind AS financial statements;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note No. 34 to the Ind AS financial statements;

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

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 08, 2016 to December 30, 2016 which are not relevant to these Ind AS financial statements. Hence, reporting under this clause is not applicable.

for CHATURVEDI & SHAH
Chartered Accountants
Firm Registration Number : 101720W

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Chandan Lala
Partner
Membership Number: 35671

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 24, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

In terms of the Annexure referred to in our report to the members of **GMR Kamalanga Energy Limited** ('the Company') on the Ind AS financial statements for the year ended March 31, 2018, we report that:

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments.

b) The Company has a regular program of physical verification of its property, plant and equipments by which property, plant and equipments are verified over a period of three years. In accordance with this program, considerable amount of property, plant and equipments were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (which are included under note no. 2 – Property, plant and equipment) are held in the name of the Company.

ii) The inventory has been physically verified by the management at regular intervals and in our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii) As per the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, LLP's or other parties listed in the register maintained under Section 189 of the Act. Consequently requirements of paragraphs 3(iii)(a),(b) and (c) of the Order are not applicable to the Company.

iv) As per the information and explanations given to us, the Company has not given any loans, investments, guarantees and security to the parties covered under section 185 of the Act. Further, the Company is an infrastructure Company and accordingly section 186 of the Act is not applicable. Consequently requirement of paragraph 3(iv) of the Order is not applicable to the Company.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provision of paragraph 3(v) of the Order is not applicable to the Company. There are no orders from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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

vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year the Company has generally been regular in depositing the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including employee's state insurance, provident fund, income-tax, goods and service tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed statutory dues were outstanding, at the year end, for a period of more than six months.

b) According to the information and explanation given to us and records of the Company, there are no dues of income tax, goods and service tax, sales tax, service tax, duty of customs or value added tax or cess or other material statutory dues which have not been deposited on account of any dispute except the following:-

Nature of the Statute	Nature of Dues	Year to which it pertains	Amount Demanded (Rs. in Millions)	Forum where dispute is pending
Odisha Entry Tax Act, 1999	Entry Tax levied on imported materials	From 26.08.2008 to 31.07.2012	1,158.88*	Application with High Court of Odisha to revive the writ petition filed.
-do-	-do-	From 01.08.2012 to 30.06.2013	114.71*	Application with High Court of Odisha to revive the writ petition filed.
-do-	-do-	From 01.08.2013 to 31.08.2014	183.41*	Application with High Court of Odisha to revive the writ petition filed.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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Nature of the Statute	Nature of Dues	Year to which it pertains	Amount Demanded (Rs. in Millions)	Forum where dispute is pending
-do-	-do-	From 01.09.2014 to 31.08.2015	42.45*	Application with High Court of Odisha to revive the writ petition filed.
-do-	-do-	From 01.09.2015 to 30.11.2016	61.34*	Application with High Court of Odisha to revive the writ petition filed.
Income-tax Act, 1961	Demand u/s 201(1) and 201(1A) of Income-tax Act, 1961	FY 2008-09 FY 2013-14 FY 2015-16	0.05 11.98 0.04	Rectification application filed before the Assessing Officer (TDS).

*-net of amount paid under protest amounting to Rs. 279.96 Millions.

viii) According to the information and explanations given to us and records of the Company, the Company has not defaulted in repayment of loans or borrowing to a financial institutions and banks.

Further, the Company has not issued any debentures to any party and has not taken any loans from Government.

ix) According to the information and explanations given to us and records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Further, in our opinion and according to the information and explanations given to us, on an overall basis, the term loans taken from banks has been applied for the purpose for which it was raised.

x) During the course of our examination of books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across with any material fraud by Company or any fraud on Company by its officers or employees, noticed or reported during the year, nor have been informed of such case by the Management.

xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the adequate approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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 Ind AS 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, during the year has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, paragraph 3(xiv) of the Order is not applicable

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected 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 CHATURVEDI & SHAH
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership Number: 35671

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 24, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of GMR Kamalanga Energy Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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.

for CHATURVEDI & SHAH
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership Number: 35671

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 24, 2018

GMR Kamalanga Energy Limited
CIN: U40101KA2007PLC044809
Balance sheet as at March 31, 2018

Rupees in Million

Particulars	Notes	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	58,673.63	61,349.85
Capital work in progress	2	1,382.50	1,315.41
Intangible assets	3	5.92	7.91
Financial assets			
Loans	5	0.67	5.64
Other financial assets	6	176.90	179.13
Other non-current assets	7	644.40	589.15
Non-current tax assets (net)	19	86.48	75.63
Total non-current assets		**60,970.50**	**63,522.72**
Current assets			
Inventories	8	703.97	485.90
Financial assets			
Investments	4	-	2,612.35
Trade Receivables	9	6,865.02	5,040.98
Cash and cash equivalents	10	548.62	943.92
Bank balances other than above	11	777.34	3,357.35
Loans	5	27.89	57.63
Other financial assets	6	1,732.65	1,646.97
Other current assets	7	1,746.42	1,609.69
Total current assets		**12,401.91**	**15,754.79**
TOTAL ASSETS		**73,372.41**	**79,277.51**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	12	21,487.34	21,487.34
Other equity	13	(15,613.18)	(15,213.02)
Total equity		**5,874.16**	**6,274.32**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	14	39,933.07	41,538.62
Other financial liabilities	16	-	-
Other non-current liabilities	17	3,663.43	3,888.54
Provisions	18	119.21	74.07
Deferred tax liability (Net)	19	-	-
Total non-current liabilities		**43,715.71**	**45,501.23**
Current liabilities			
Financial Liabilities			
Borrowings	14	4,601.12	4,805.02
Trade payables	15	4,995.76	4,213.84
Other financial liabilities	16	6,016.57	10,390.60
Other current liabilities	17	8,102.17	7,998.92
Provisions	18	66.92	93.58
Total current liabilities		**23,782.54**	**27,501.96**
TOTAL EQUITY AND LIABILITIES		**73,372.41**	**79,277.51**
Significant accounting policies	1	-	-

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

As per our report of even date attached
For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership No.: 35671

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 24, 2018

For and on behalf of the Board of Directors
GMR Kamalanga Energy Limited

Ramesh Pai
Director
DIN: 07657400

S N Barde
Director
DIN: 03140784

Piyusa Mohanty
Chief Financial Officer

Subash Mittal
Company Secretary
Membership No.: FCS 8650

GMR KAMALANGA ENERGY LTD.

Place : New Delhi
Date: April 24, 2018

GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

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

Rupees in Million

Particulars	Notes	March 31, 2018	March 31, 2017
REVENUE			
Revenue from operations	20	19,895.90	19,155.38
Other income	21	745.35	556.26
Total Revenue		**20,641.25**	**19,711.64**
EXPENSES			
Cost of fuel consumed	22	9,498.87	9,018.84
Power purchases	23	576.62	1,207.65
Employee benefit expenses	24	486.65	398.66
Depreciation and amortisation expenses	25	3,001.65	2,991.39
Finance costs	26	5,847.13	6,941.69
Other expenses	27	2,073.42	2,162.50
Total Expenses		**21,484.34**	**22,720.73**
Loss before tax		**(843.09)**	**(3,009.09)**
Tax expense			
Current tax	19	-	-
Deferred tax	19	(67.77)	(28.36)
Loss for the year		**(775.32)**	**(2,980.73)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains (losses) on defined benefit plans		(2.44)	(4.59)
Income tax effect	19	0.83	1.52
Other comprehensive income/(expenses) for the year, net of tax		**(1.61)**	**(3.07)**
Total comprehensive income for the year		**(776.93)**	**(2,983.80)**
Earnings per equity share: (face value of equity shares of Rs.10 each)			
Basic	31	(0.36)	(1.39)
Diluted	31	(0.36)	(1.39)
Significant accounting policies	1		

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

As per our report of even date attached
For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership No.: 35671

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors
GMR Kamalanga Energy Limited

Ramesh Pai
Director
DIN: 07657400

S N Barde
Director
DIN: 03140784

Piyusa Mohanty
Chief Financial Officer

Subash Mittal
Company Secretary
Membership No.: FCS 8650

Place: Mumbai
Date: April 24, 2018

Place : New Delhi
Date: April 24, 2018

GMR KAMALANGA ENERGY LTD.

GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Statement of changes in Equity for the year ended March 31, 2018

Rupees in Million

Particulars	Equity Share Capital	Retained earnings	Equity component of financial instruments	Other Comprehensive Income	Total equity
Balance as at April 1, 2016	**21,487.34**	**(14,694.79)**	**2,405.44**	**(0.35)**	**9,197.64**
Changes in equity for the year ended March 31, 2017					
Loss for the year	-	(2,980.73)	-	-	**(2,980.73)**
Other comprehensive income					
Remeasurements gains/(loss) on defined benefit plans, net of tax effect	-	-	-	(3.07)	**(3.07)**
Equity component of compound financial instruments , net of tax effect	-	-	60.48	-	**60.48**
Balance as at March 31, 2017	**21,487.34**	**(17,675.52)**	**2,465.92**	**(3.42)**	**6,274.32**
Changes in equity for the year ended March 31, 2018					
Loss for the year	-	(775.32)	-	-	**(775.32)**
Interest payable to group company written back on instruction of equity participant [Refer note no.13 (c) below]		275.31			**275.31**
Other comprehensive income					
Remeasurements gains/(loss) on defined benefit plans, net of tax effect	-	-	-	(1.61)	**(1.61)**
Equity component of compound financial instruments , net of tax effect	-	-	101.46	-	**101.46**
Balance as at March 31, 2018	**21,487.34**	**(18,175.53)**	**2,567.38**	**(5.03)**	**5,874.16**

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

As per our report of even date attached
For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership No.: 35671

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 24, 2018

For and on behalf of the Board of Directors
GMR Kamalanga Energy Limited

Ramesh Pal
Director
DIN: 07657400

S N Barde
Director
DIN: 03140784

Piyusa Mohanty
Chief Financial Officer

Subash Mittal
Company Secretary
Membership No.: FCS 8650

Place : New Delhi
Date: April 24, 2018

GMR KAMALANGA ENERGY LTD.

GMR Kamalanga Energy Limited
CIN: U40101KA2007PLC044809
Statement of Cash flows for the year ended March 31, 2018

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
A) Cash Flows from Operating Activities		
Loss before tax	**(843.09)**	**(3,009.09)**
Add :		
Depreciation and amortisation expenses	3,001.65	2,991.39
Finance cost	5,847.13	6,941.69
Interest income	(62.44)	(101.08)
Loss/(profit) on sale of property, plant and equipments	(6.30)	0.60
Provision for Rebate	7.21	(1.61)
Profit on sale of investments	(0.19)	-
Government grants income allocation	(225.12)	(225.12)
Cash Flow before changes in working capital	**7,718.85**	**6,596.78**
Adjustments for changes in working capital:		
Decrease / (increase) in trade and other receivables	(2,258.12)	(1,063.83)
Decrease / (increase) in inventory	(218.07)	114.68
Increase / (decrease) in trade and other payables	912.29	449.18
Cash generated from operations	**6,154.95**	**6,096.81**
Less: Taxes (paid) / refund net	(6.35)	(41.54)
Net Cash Flow from / (used in) Operating Activities	**6,148.60**	**6,055.27**
B) Cash Flows from / (used in) Investing Activities		
Purchase of property, plant and equipments	(114.66)	(270.02)
Proceeds from sale of property, plant and equipments	1.24	0.22
Capital work in progress including capital advances	(61.28)	165.86
Decrease / (increase) in balances with banks	2,581.94	1,876.98
Decrease / (increase) in Investments in equity shares	-	0.20
Decrease / (increase) in Current investments	2,450.19	(2,450.00)
Interest Received	99.92	89.25
Net Cash Flow from / (used in) Investing Activities	**4,957.35**	**(587.51)**
C) Cash Flows from / (used in) Financing Activities		
Proceeds from rupee term loan	3,057.69	218.80
Repayment of rupee term loan	(5,606.93)	-
Repayment of external commercial borrowings (ECB)	(3,461.39)	(38.14)
Proceeds from issue of subordinate debt to holding company	200.00	100.73
Increase / (decrease) in short term borrowing	71.42	472.77
Interest and finance charges paid	(5,762.04)	(6,843.58)
Net Cash Flow from / (used in) in Financing Activities	**(11,501.25)**	**(6,089.42)**
D) Effect of exchange differences on translation of foreign currency cash and cash equivalents	-	-

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

GMR Kamalanga Energy Limited
CIN: U40101KA2007PLC044809
Statement of Cash flows for the year ended March 31, 2018

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
E) Net Increase/(Decrease) in Cash and Cash Equivalents [A+B+C+D]	**(395.30)**	**(621.66)**
Cash and Cash Equivalents at beginning of the year	943.92	1,565.58
Cash and Cash Equivalents at end of the year	**548.62**	**943.92**
Break-up of Cash and Cash Equivalents		
Cash on hand	0.93	0.02
Balances with banks	547.69	407.38
Deposits with maturity less than three months	-	536.52
Cash and Cash Equivalents at end of the year	**548.62**	**943.92**

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

Notes :

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS-7 on Statement of Cash Flows as referred to in Section 133 of the Companies Act, 2013.
2. Effective from 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. Since the Company has adopted amendments to Ind AS 7 for the first time during the year, previous year reconciliations are not given. The reconciliation is given as below:

Rupees in Million

Particulars	March 31, 2018
Long term borrowings (including current maturities)	
Opening balance	46,046.68
Proceeds from / (repayment of) borrowings from bank (net)	(6,010.63)
Proceeds from issue of subordinate debt to holding company	200.00
Equity component of subordinated debt issued to holding company	(170.07)
Exchange fluctuation on ECB repayment	(63.82)
Non-cash Fair value/amortisation changes (net)	14.41
Closing balance	40,016.57
Short term borrowings	
Opening balance	4,805.02
Proceeds from / (repayment to) short term borrowings (net)	71.41
Waiver of Interest payable to group company [Refer note no. 13(c)]	(275.31)
Non-cash Fair value changes	-
Closing balance	4,601.12

3. Interest payable on Loan from group company Rs.825.94 Million (March 31, 2017 : Rs.1,101.26 Million) has been added to loan balance at the year end.

As per our report of even date attached
For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership No.: 35671

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 24, 2018

For and on behalf of the Board of Directors
GMR Kamalanga Energy Limited

Ramesh Pai
Director
DIN: 07657400

S N Barde
Director
DIN: 03140784

Piyusa Mohanty
Chief Financial Officer

Subash Mittal
Company Secretary
Membership No.: FCS 8650

Place : New Delhi
Date: April 24, 2018

GMR KAMALANGA ENERGY LTD.

1 Company Overview and Significant Accounting Policies:

1.1 Company overview:

GMR Kamalanga Energy Limited is promoted as a Special Purpose Vehicle (SPV) by GMR Energy Limited, the holding Company, to develop and operate 3*350 MW under Phase 1 and 1*350 MW under Phase 2, coal based power project in Kamalanga Village, Dhenkanal District of Odisha. The Company has obtained Mega Power status certificate from Government of India, Ministry of Power vide letter dated February 1, 2012. The Company has declared commercial operation of Phase 1 of the project constituting Unit 1, 2 & 3 of 350MW each on April 29, 2013, November 11, 2013 and March 24, 2014 respectively.

Information on other related party relationships of the Company is provided in Note no.37

The Ind AS financial statements of the Company for the year ended March 31, 2018 were authorised for issue in accordance with a resolution of the directors on 24th April 2018.

1.2 Basis of preparation

These 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 (refer accounting policy regarding financial instruments), the provisions of the Companies Act , 2013 ('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. These financial statements are called "Ind AS Financial Statements".

The standalone Ind AS financial statements are presented in 'Indian Rupees' (INR) which is also the Company's functional currency and all values are disclosed to the nearest Millions with two decimals (INR 000,000.00), except when otherwise indicated.

1.3 Summary of significant accounting policies

i) Use of estimates

The preparation of financial statements in conformity with IND AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

ii) Revenue Recognition

a) Revenue from energy units sold is recognised on accrual basis as per the terms of the Power Purchase Agreement (PPA) and Letter of Intent (LOI) [collectively hereinafter referred to as 'the PPAs'] and tariff rates determined by CERC. Revenue includes unbilled revenue accrued up to the end of the accounting year. The revenue is also recognised / adjusted towards truing up of fixed charges and energy charges in terms of CERC tariff regulation 2014-19, wherever applicable. The revenue from tariff receivable under Change in Law is accounted in accordance with rates approved by Central Electricity Regulatory Commission (CERC).

Revenue from energy units sold on a merchant basis is recognised in accordance with billings made to the customers based on the units of energy delivered and rates agreed with customers.

b) Revenue from sale of infirm power are recognised as per the guidelines of Central Electricity Regulatory Commission. Revenue prior to date of commercial operation are reduced from Project cost.

c) Revenue/charges from Unscheduled Interchange for the deviation in generation with respect to scheduled units are recognized/ charged at rate notified by CERC from time to time, are adjusted to revenue from sale of energy.

d) Revenue earned in excess of billings has been included under "other assets" as unbilled revenue and billings in excess of revenue have been disclosed under "other liabilities" as unearned revenue.

e) Revenue from sale of power is net of prompt payment rebate eligible to the customers.

f) Claims for late payment surcharges and any other claims, which the Company is entitled to under the PPAs, are recognised on reasonable certainty to expect ultimate collection and on acceptance by the customers.

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

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

iii) 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:

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

All other assets are classified as non-current.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

1 Company Overview and Significant Accounting Policies:

A liability is treated as 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 are classified 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.

iv) Property, Plant & Equipments:

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost including government grants and decommissioning costs less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items such as purchase price, freight, duties, levies. 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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.
On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP in terms of paragraphs D7AA & D13AA of Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' and use that carrying value as the deemed cost of the property, plant and equipment after making adjustments for decommissioning liability (paragraph D21 of Ind AS 101), transaction cost of long term borrowings and Government grants as per Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 5 (Revised).

Depreciation and amortisation

Depreciation on tangible assets dedicated for generation of power covered under CERC tariff regulations including common assets are provided on straight line method (other than BTG of Unit I and II and CTU Transmission Lines), at rates specified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation.
In respect of BTG of Unit I and II and CTU Transmission lines, the Company has estimated 40 years as the useful life of the components as per technical evaluation and accordingly provided depreciation over the remaining useful life of the asset using Straight Line Method w.e.f April 1, 2016 in terms of the requirement of Schedule II of Companies Act 2013.

Leasehold land from Government Authorities are amortised as per Central Electricity Regulatory Commission at rates specified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulation.

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

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.

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. Machinery spares which are specific to a particular item of Property , Plant & Equipments and whose use is expected to be irregular are capitalized as Property , Plant & Equipments.

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 and having a value of more than Rs.0.50 Million.

Capital Work in Progress

All Project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure directly attributable to the construction of project, borrowing cost incurred prior to the date of commercial operation and trial run expenditure (net of revenue) 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.

v) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

1 Company Overview and Significant Accounting Policies:

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

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

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

A summary of the policies applied to the company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Software licences	Definite (6 years)	Straight-line basis over the license period	Acquired

vi) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

vii) Government grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, the cost of the asset shown at gross value and grant there on is treated as capital grant which is recognised as income in the statement of profit and loss over the period and proportion in which depreciation is charged. Revenue grants are recognised in the statement of profit and loss in the same period as the related cost which they are intended to compensate are accounted for.

viii) Leases

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

Company as a lessee :

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

a. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or

b. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor :

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease, unless either:

a. another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished, even if the payments to the lessors are not on that basis; or

b. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary according to factors other than inflation, then this condition is not met.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

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

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

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

Lands obtained on leases, where there is reasonable certainty that the Company will obtain ownership by the end of the lease term shall generally be classified as finance leases. The minimum lease payments include upfront premium paid plus any annual recurring lease rental which is amortized over the lease term.

ix) Inventories

Inventories are valued as follows:
Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis and includes all applicable costs in bringing goods to their present locations and condition.

x) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units' (CGUs) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of twenty to twenty five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the twenty fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

Intangible assets with indefinite useful lives (if available) are tested for impairment annually as at December 31st at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

xi) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company 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.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

1 Company Overview and Significant Accounting Policies:

xii) Decommissioning liability

The Company records a provision for decommissioning costs on power plant projects, where decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax risk free rate. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

xiii) Retirement and other Employee Benefits

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

Retirement benefit in the form of provident fund, pension fund, superannuation fund etc. are defined contribution scheme. The Company has no obligation, other than the contribution payable.

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

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 accumulated 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.

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

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.

xiv) Financial Instruments - 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 company 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)

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

1 Company Overview and Significant Accounting Policies:

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 company 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 company 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 company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company 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 Statement of Profit and Loss.

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.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

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1 Company Overview and Significant Accounting Policies:

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. On that basis, the Company estimates the following provision matrix at the reporting date:

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.

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

xv) Financial Instruments - 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.

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 company 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.

Derecognition

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

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

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 company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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1 Company Overview and Significant Accounting Policies:

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

Subordinates Debt

Subordinated debts are separated into liability and equity components based on the terms of the contract.

On issuance of the subordinated debts, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the subordinated debts based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

xvi) Cash and cash equivalents

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

Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

xvii) Foreign currencies

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

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

- Exchange differences arising on monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

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1 Company Overview and Significant Accounting Policies:

xviii 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.

The Company's management 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.

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 management after discussion. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every five years. The management decides, after discussions with the company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management 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 management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, 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.

For the purpose of fair value disclosures, the Company 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 (note 29 & 30)
b) Contingent consideration (note 32)
c) Quantitative disclosures of fair value measurement hierarchy (note 29 & 30)
d) Investment in unquoted equity shares (discontinued operations) (note 4)
e) Property, plant and equipment under revaluation model (note 2)
f) Investment properties (note 4)
g) Financial instruments (including those carried at amortised cost) (note 4,5,6,9,10,11,14,15,16)
h) Non-cash distribution

xix) 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.

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1 Company Overview and Significant Accounting Policies:

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 to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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 assets 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.

xx) Sales Tax/Goods and service tax

Sales/ goods and service 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.

xxi) Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed to be converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

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1 Company Overview and Significant Accounting Policies:

1.4 Significant accounting judgements, estimates and assumptions

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

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

A Critical accounting estimates and assumptions

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

i Revenue recognition

The recognition of revenue is based on the tariff rates / methodology prescribed under PPA/ LOI with customers . Significant management judgments is required to determine the revenue to be recognised for the tariff on account of Change in Law in cases where CERC Order is yet to be received . The estimate for such revenue are based on the CERC Order in the similar case for existing customers.

The billed / unbilled revenue recognised in respect of the above is treated as current as the Company estimates the finality of proceedings during the current ensuing year.

ii Income taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, including estimates of temporary differences reversing on account of available benefits from the Income Tax Act, 1961. Deferred tax assets recognised to the extent of the corresponding deferred tax liability [Refer note no.19].

iii Contingencies

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

iv 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 Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note nos 29 & 30.

v Defined benefit plans (gratuity benefits)

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

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

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

Further details about gratuity obligations are given in note no. 35.

B Significant Judgements

i Revenue recognition

The Company has recognised revenue on compensatory tariff on account of Change in Law, realisation of which is dependent upon outcome of ongoing matter pending determination by CERC. The said recognition is based on the assessment by the Management supported by the legal advice / accounting advice received in the above matter. These opinions are based on the Supreme Court's Order and also APTEL/CERC Order's for the similar cases in respect of its own customers following the said Supreme Court Judgments. Accordingly , the management is of the opinion that it has a virtually certain case on merits for grant of relief under Change in Law and there is no contingency involved and that it would not be unreasonable to expect ultimate collection of revenue in the nature of Relief on account of Change in Law. [Refer note no.20(a)].

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1 Company Overview and Significant Accounting Policies:

ii Property plant and equipment and intangible assets

Property, plant and equipment and Intangible Assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation / amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired/ constructed and reviewed periodically, including at each financial year end. The lives are based on the technical assessment which has relied on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence and Government Policies impacting the assets use. Refer note 2 & 3 for details of value of non current assets and its depreciation/ amortisation.

iii Impairment testing

The Company's 1050MW (3*350MW) Phase-I coal based power plant in Kamalanga village, Tahasil Odapada, Dhenkanal District of Odisha State is operational from FY 2013-14. Out of the installed capacity of 1050MW, 262.5MW is for the State of Odisha (25% of the installed capacity), 323 MW for the state of Haryana and 206MW for the state of Bihar i.e. approximately 81% of the installed capacity is already tied up with different procurers. Further, the Company had decided to add one more unit of 350MW at the same location under Phase-II and had obtained all necessary approvals and constructed dedicated transmission line, common systems and acquired the sufficient land required. Further, 25% of installed capacity of Phase-II (4th Unit) plant is proposed to be dedicated to State of Odisha through STU and the Company is in advanced stage of discussion with other Discoms including Bangladesh. The Company has already incurred an amount of Rs.1,315.41 Million on 4th Unit which has been disclosed under capital work in progress (Refer note no.2).

The Company has determined that the carrying value of the property, plant and equipments of all the units are good based on estimation of the value in use by an Expert Valuer of the relevant cash generating units. The Company has obtained valuation report from an valuation Expert for value in use, which is calculated based on a Discounted Cash Flow model over the estimated useful life of the Power Plant. The cash flow projections are based on estimates and certain key assumptions based on externally available information relating to future revenues, profitability in operation and servicing of its debts which is dependent upon tying up of its entire generation capacity through PPA. The Company / valuer has also carried out a sensitivity analysis on key variables. Based on the sensitivity analysis, the recoverable amount is expects to exceed the carrying value. On a careful evaluation of the aforesaid factors, the Management of the Company has concluded that the Recoverable Amounts of the Power Plants are higher than their carrying amounts as at March 31, 2018. In respect of Phase-II (4th Unit) under capital work in progress, the carrying value of Rs.1,315.41 Million is considered good based on the realisable value valuation from the expert valuer.

1.5 New and amended Ind AS effective as on April 1, 2017

As per Companies (Indian Accounting Standards) Amendment Rules, 2017, the Company has adopted following amendments made to Ind AS for annual periods beginning on or after 1st April, 2017:

Ind AS 102 - Share based payments

The amendments to Ind AS 102 addresses three classification and measurement issues. These relate to measurement of cash-settled awards, modification of cash-settled awards and equity settled awards that include a 'net settlement' feature in respect of withholding taxes. Amendments to Ind AS 102 does not have an impact on the financial position of the company.

Ind AS 7 - Statement of Cash Flows

The amendments to Ind AS 7 introduces an additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from i) cash flows, such as draw downs and repayments of borrowings, ii) non-cash changes (ie., changes in fair values), changes resulting from acquisitions and disposals of subsidiaries/businesses and the effect of foreign exchange differences.

The Management is of the opinion that the disclosure requirements contained therein have been fully adhered to and are appropriately disclosed in the Statement of Cash Flows forming part of these financial statements and there is no material implication which is necessary to be effected in the statement of cash flows.

1.6 Introduction of new standards and amendments to existing standards issued but not effective as on April 1, 2017

A. The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on March 28, 2018. The amendments are applicable to the Company from April 01, 2018. The amendments made in the Rules are with respect to the following standards:

i. New Standard Ind AS 115, 'Revenue from Contracts with Customers' which supersedes Ind AS 11, 'Construction Contracts' and Ind AS 18, 'Revenue' and consequential amendments to other Ind AS due to notification of Ind AS 115.

ii. Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates' clarifying that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income, should be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration.

iii. Amendments to Ind AS 12, 'Income Taxes', clarifying the requirements for recognising deferred tax assets on unrealised losses. The amendments further clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets.

B. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IFRS 15, 'Revenue for Contracts with Customers', IAS 21, 'The Effects of Changes in Foreign Exchange Rates' and IAS 12, 'Income Taxes' respectively.

i. Ind AS 40- Investment Property, Ind AS 28-Investment in Associates and Joint Ventures, Ind AS 112- Disclosure of Interests in Other entities have also been amended with effect from 1st April 2018 which are not applicable to the Stand alone financial statements of the Company.

ii. The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the standalone financial statements. The Management however believes that the implication on financial statement of the above mentioned standards if any will not be material.

MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Notes to the financial statements

2 Property, plant and equipment

Rupees in Million

Particulars	Freehold Land	Leasehold Land held under finance lease	Buildings	Computer Equipments	Plant and Equipments	Office Equipments	Furniture and Fixtures	Vehicles	Total	Capital work in progress
Gross block										
As at April 1, 2016	**36.06**	**994.82**	**5,301.25**	**14.36**	**61,199.21**	**40.75**	**17.44**	**5.57**	**67,609.46**	**1,315.41**
Additions	0.88	1.29	-	4.19	225.98	2.75	0.33	0.06	235.48	-
Disposals / Adjustments	-	-	-	(0.01)	(228.05)	(0.50)	(0.18)	(0.43)	(229.17)	-
As at March 31, 2017	**36.94**	**996.11**	**5,301.25**	**18.54**	**61,197.14**	**43.00**	**17.59**	**5.20**	**67,615.77**	**1,315.41**
Additions	4.51	-	36.26	2.57	24.77	11.88	29.83	0.34	110.16	67.09
Disposals / Adjustments	-	-	-	-	210.33	-	-	(2.27)	208.06	-
As at March 31, 2018	**41.45**	**996.11**	**5,337.51**	**21.11**	**61,432.24**	**54.88**	**47.42**	**3.27**	**67,933.99**	**1,382.50**
Depreciation										
As at April 1, 2016	-	**34.77**	**191.27**	**3.46**	**3,042.63**	**2.85**	**1.20**	**1.00**	**3,277.18**	-
Charge for the year	-	34.80	194.74	3.38	2,750.93	2.94	1.28	0.98	2,989.05	-
Disposals / Adjustments	-	-	-	(0.01)	-	(0.08)	(0.03)	(0.19)	(0.31)	-
As at March 31, 2017	-	**69.57**	**386.01**	**6.83**	**5,793.56**	**5.71**	**2.45**	**1.79**	**6,265.92**	-
Charge for the year	-	34.81	195.16	3.61	2,760.56	3.22	1.64	0.66	2,999.66	-
Disposals / Adjustments	-	-	-	-	(4.55)	-	-	(0.67)	(5.22)	-
As at March 31, 2018	-	**104.38**	**581.17**	**10.44**	**8,549.57**	**8.93**	**4.09**	**1.78**	**9,260.36**	-
Net block										
As at March 31, 2017	36.94	926.54	4,915.24	11.71	55,403.58	37.29	15.14	3.41	61,349.85	1,315.41
As at March 31, 2018	**41.45**	**891.73**	**4,756.34**	**10.67**	**52,882.67**	**45.95**	**43.33**	**1.49**	**58,673.63**	**1,382.50**

CHATURVEDI & SHAH ★ CHARTERED ACCOUNTANTS ★ MUMBAI

GMR KAMALANGA ENERGY LTD.

Notes:

(a) Deemed Cost: The Company for the Financial Year 2016-17, had adopted Indian Accounting Standards ('Ind AS') under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company has elected to use its previous GAAP carrying value as at April 01, 2015 being the opening balance sheet date for the purpose of first time adoption of Indian Accounting Standards as per Para D7AA of Ind AS 101, 'First-time Adoption of Indian Accounting Standards'. Accordingly the value of gross block disclosed above includes carrying value of assets at the transition date (i.e., April 01, 2015) which is considered as deemed cost.

(b) Disposal / adjustments to plant and equipments includes foreign exchange loss of Rs. 250.09 Million (March 31, 2017: Exchange gain of Rs.228.04 Million). [Refer note no. (h) below].

(c) Additions to plant and equipment includes borrowing cost of Rs. Nil (March 31, 2017 : Rs. Nil).

(d) Additions to free hold land represents compensation paid to land owners and land registration charges of Rs.4.51 million (March 31, 2017 : Rs.0.88 Million).

(e) Assets are owned and are used for own use, unless otherwise mentioned.

(f) Entire Property , Plant & Equipments has been offered as a security to term loan including ECB lenders with pari passu charge to working capital as referred to in Note No. 14.

(g) Leasehold land includes amount of Rs. 185.98 Million paid by the Company for the re-alienation of the Rangali Right Canal out of the plant area to Orissa Industrial Infrastructure Development Corporation.

(h) Exchange differences are capitalised as per Para D13AA of Ind AS 101 - 'First Time Adoption' availing the optional exemption that allows first time adopter to continue capitalisation of exchange differences in respect of long term foreign currency monitory items recognised in the financial statement for the period ending immediately beginning of the first Ind AS financial reporting period.

(i) Up to FY 2014-15, the Company was charging depreciation on all assets as per CERC guidelines. During FY 2015-16, the Company has obtained expert legal opinion, which opined that the depreciation as per Companies Act, 2013 can be followed for Boiler, Turbine & Generator (BTG) cost with respect to Unit I and Unit II and CTU Transmission Lines which are generating power for bidding based PPA and sale on Merchant Basis. The Company, during the previous year 2016-17, has re-estimated the useful life of assets depreciated under Companies Act, 2013 to 40 years from 25 years.

(j) The Company has declared commercial operation of Phase 1 of the project constituting Unit 1, 2 & 3 of 350MW each on April 29, 2013, November 11, 2013 and March 24, 2014 respectively and accordingly the Buildings, Plant and machinery have been capitalised on that date based on the percentage of completion as certified by the Technical team of the Company. Certain common items of Phase 2 which is put to use along with Phase 1 have also been capitalised.

Claims/ Counter claims arising out of the project related contracts including Engineering, Procurement and Construction (EPC) Contract and Non EPC contracts, on account of delays in commissioning of the project, or any other reason is pending settlement / negotiations with concerned parties. The Company has considered its best estimate of cost on the work completed based on the contract, work and purchase orders issued where the final bills are pending to be received /approved. Any adjustment on account of these contracts/bills would be adjusted to the cost of Property , Plant & Equipments in the year of settlement / crystallization.

(k) Leasehold land held under finance lease: The Company has been allotted lands under lease with a term of 90 years with a initial payment equivalent to the fair value of the land. The Company further has to pay fixed nominal amount of annual ground rent during the lease tenure. During the previous year, the Company as per Ind AS 17 , "Leases" r.w. Para D9 of Ind AS 101, "First time Adoption of Indian Accounting Standards" and in terms of Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin No. 7 has assessed whether the terms of the lease in substance are finance in nature considering that the present value of minimum lease payments amounts to substantially all of the fair value of the land and the transfer of risk and rewards incidental to ownership and accordingly disclosed.

(l) Capital work progress includes construction activities relating to Phase II of power projects Rs.1,315.41 Million (March 31, 2017 Rs.1,315.41 Million) which is under temporary suspension. For impairment testing refer note no.1.4(B)(iii).

CHATURVEDI & SHAH ★ MUMBAI ★ CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

GMR Kamalanga Energy Limited
CIN: U40101KA2007PLC044809
Notes to the financial statements

3 Intangible assets

Rupees in Million

Particulars	Computer Software	Total
Gross block		
As at April 1, 2016	**11.14**	**11.14**
Additions	0.73	0.73
Disposals	-	-
As at March 31, 2017	**11.87**	**11.87**
Additions	-	-
Disposals	-	-
As at March 31, 2018	**11.87**	**11.87**
Depreciation		
As at April 1, 2016	**1.62**	**1.62**
Charge for the year	2.34	2.34
Disposals	-	-
As at March 31, 2017	**3.96**	**3.96**
Charge for the year	1.99	1.99
Disposals	-	-
As at March 31, 2018	**5.95**	**5.95**
Net block		
As at March 31, 2017	7.91	7.91
As at March 31, 2018	**5.92**	**5.92**

Note:

1 The Company has elected to continue with the carrying value of Intangible Assets as at the date of transition in its first Ind AS Financial Statements after making necessary adjustments as per Ind AS 101, "First Time Adoption of Indian Accounting Standards" as there is no change in the functional currency on the date of transition.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY

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GMR Kamalanga Energy Limited
CIN: U40101KA2007PLC044809
Notes to the financial statements

4 Investments

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Current investments		
Investments in Mutual Funds	-	2,612.35
Total carrying value	-	2,612.35
Details of Investments		
Current Investments		
Non Trade - Unquoted		
Investments at fair value through profit and loss		
Investments in Mutual Funds		
IDFC Cash Fund-Growth Regular Fund [Units Nil @ NAV Rs. Nil (March 31, 2017: Units 1,325,441.779 @ NAV Rs. 1,970.9284)]	-	2,612.35
Total Investments	-	2,612.35
Aggregate amount of quoted investments	-	-
Market value of quoted investments	-	-
Aggregate net asset value of mutual funds	-	2,612.35
Aggregate amount of unquoted investments	-	2,612.35
Aggregate amount of impairment in value of investments	-	-

Break up of financial investments

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Investments carried at fair value through profit or loss		
Investments in Mutual Funds	-	2,612.35
Total investments	-	2,612.35

CHATURVEDI & SHAH ★ MUMBAI ★ CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

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5 Loans

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Non-current balance		
Unsecured, considered good		
Carried at amortised cost		
Security deposit	0.67	5.64
Total	**0.67**	**5.64**
Current balance		
Carried at amortised cost		
Security Deposit [for related party refer note no.37] *	15.78	42.95
Loans and advances to employees	12.11	14.68
Total	**27.89**	**57.63**
Total loans	**28.56**	**63.27**

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

* includes security deposit with related party Rs.0.00 Million (March 31, 2017 : Rs.31.44 Million).

6 Other financial assets

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Non-current balance		
Unsecured, considered good		
Carried at amortised cost		
Fixed Deposits with bank [Refer note no. (a) & (b) below]	169.12	171.05
Interest accrued but not due - receivable at the time of maturity	7.78	8.08
Total	**176.90**	**179.13**
Current Balance		
Unsecured, considered good		
Carried at amortised cost		
Amount due from related parties [Refer note no.37]	222.67	8.69
Interest accrued but not due on Fixed Deposits	28.45	66.42
Unbilled revenue [Refer note no.(c) below]	1,481.53	1,458.99
Financial assets carried at fair value through profit or loss		
Derivative assets	-	112.87
Total	**1,732.65**	**1,646.97**
Total other financial assets	**1,909.55**	**1,826.10**

The fair value of the said financial asset is not materially different from the carrying value presented.

Notes:

a) Fixed deposits represents margin money deposit against bank guarantee and letter of credit.

b) Fixed deposit with banks, for securities refer note no.14.

c) Unbilled revenue includes amount billed after the balance sheet date but till approval of the financial statements is Rs.1,015.21 Million (March 31, 2017 : Rs.1,332.32 Million). Further, unbilled amount also includes additional claim on customer with regard to coal pass through of Rs.106.17 Million (March 31, 2017 : Rs.0.00 Million) which the Company estimates to receive during the ensuing year on attaining of finality of proceedings as explained in note no.20(a).

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

7 Other assets

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Non-current balance		
Unsecured, considered good		
Capital advances [Refer note no. (a) below]	119.93	125.74
Others		
Prepaid expenses	-	0.65
Deposit with Government authorities [Refer note no. (b) below]	524.47	462.76
Total	644.40	589.15
Current balance		
Unsecured, considered good		
Advances recoverable in cash or kind		
- Trade	1,635.87	1,469.50
Others		
Prepaid expenses		
- Interest / commission paid on letter of credit	44.08	41.76
- others	21.39	98.43
Claims receivable [Refer note no. (c) below]	41.87	-
Balance with Govt Authorities [Refer note no. (d) below]	3.21	-
Total	1,746.42	1,609.69
Total other current assets	2,390.82	2,198.84

Notes:

a) Capital advance includes Rs.91.75 Million (March 31, 2017 : Rs.87.35 Million) paid to related parties. Refer note no.37.

b) Includes entry tax paid under protest Rs.279.96 Million (March 31, 2017 : Rs.279.96 Million) refer note no.32(a).

c) The Company has paid under merit rate, duty on certain imported goods before getting the mega power status amounting to Rs. 35.59 Million and on certain imported goods subsequently amounting to Rs. 6.27 Million. Subsequent to the Mega Power Status, the Company was eligible to import the goods vide Notification No. 21/02 dated March 01, 2012 with Nil rate of duty. The Company in terms of the same has claimed the refund of customs duty paid vide its application filed during February 2012 with the Kolkata Custom Authority and confident of getting favourable order and accounted for the payment as Advance Recoverable.

d) Represents excess TDS deposited with Income Tax Department.

8 Inventories

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Raw Materials - Fuel	447.53	342.85
Stores	256.44	143.05
Total	703.97	485.90

Notes:

a) Inventories are valued at lower of cost or net realizable value.

b) For charges created on inventories refer note no.14.

c) For details of fuel consumption refer note no.22 and for stores and spares consumption refer note no.27.

9 Trade receivables

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Unsecured, considered good		
from related parties	154.19	-
from others	6,710.83	5,040.98
Total	6,865.02	5,040.98

Notes:

a) For charges created on trade receivables refer note no.14

b) Trade receivables are interest bearing and are generally on terms of 1 to 60 days.

c) Trade receivable includes additional claim on customer with regard to coal pass through of Rs.1,603.07 Million (March 31, 2017 : Rs.0.00 Million) which the Company estimates to receive during the ensuing year on attaining of finality of proceedings as explained in note no.20(a).

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD

d) PTC India Limited (Haryana Discoms) has not paid company's claim on change in law approximating to Rs.1,582.89 Million (net of advance of Rs.977.50 Million) from July 2016 onwards on coal cost pass through and other change in law claims. Company had filed clarification application before CERC seeking confirmation on such operational parameters, which have been upheld in favour of the Company vide its Order dated March 20, 2018. In view of the favourable CERC Order on clarificatory petition, upholding Company's rightful claims, the amount included in trade receivables of Haryana Discoms are considered good and hence no provision for doubtful debt is considered by the Company.

e) GRIDCO Limited has partially withheld Rs.3,206.23 Million, billed as per CERC Tariff determination Order dated November 12, 2015 by paying only provisional tariff pending reconciliation. The management is pursuing the matter with GRIDCO Limited and has completed quantitative reconciliation and is in the process of resolving the differences which are not material. GRIDCO Limited has confirmed that it will be settling the dues at the earliest and arrange for the release of payments. In view of the above, the said amount is considered good and hence no provision for doubtful debt is considered by the Company.

f) Credit concentration:
As on balance sheet date Trade receivables (excluding unbilled revenue) from State Electricity Distribution Companies (DISCOMS) under Long term power purchase agreement constitutes 97.75% (March 31, 2017 : 100.00%).

g) Expected credit loss (ECL)
The Company is having majority of receivables from State Electricity Distribution Companies which are Government undertakings and group companies and hence are secured. The Company is generally receiving its normal power sale dues from its customers and in case of disputed amount not being received , the same is recognized on conservative basis which carries interest as per the terms of PPA. Hence they are secured from credit losses in the future. Allowances, if any, for doubtful debts are recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The expected credit loss allowance is based on the ageing of the receivables that are due and company's past experiences . The Management does not foresee any expected credit loss in the near future on the same which requires provisioning currently.

h) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

i) The fair value of receivables are not materially different from the carrying value presented.

10 Cash and cash equivalents

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Balances with banks		
- On current accounts	547.69	407.38
- Deposits with maturity less than three months	-	536.52
Cash on hand	0.93	0.02
Total	**548.62**	**943.92**

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

11 Other bank balances

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Balances with banks in Current accounts	-	1,255.82
Fixed Deposit with Banks [Refer note no. (b) below]	777.34	2,101.53
Total	**777.34**	**3,357.35**

Note:
a) For charges created on cash and bank balances refer note no.14.
b) Includes margin money deposit against bank guarantee and letter of credit Rs.732.12 Million (March 31, 2017 : Rs.682.27 Million).
c) The fair value of other bank balances are not materially different from the carrying value presented.

Break up of financial assets

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Financial assets carried at amortised cost		
Trade Receivables	6,865.02	5,040.98
Unbilled revenue	1,481.53	1,458.99
Cash and cash equivalents	548.62	943.92
Other bank balances	777.34	3,357.35
Loans	12.11	14.68
Security deposits	16.45	48.59
Other financial assets	428.02	254.24
Sub Total	10,129.09	11,118.75
Financial assets carried at fair value through profit or loss		
Investments in Mutual Funds	-	2,612.35
Derivative assets	-	112.87
Sub Total	-	2,725.22
Total	**10,129.09**	**13,843.97**
	-	-

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

12 Equity Share capital

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Authorised		
2,310,000,000 (March 31, 2017: 2,310,000,000) Equity Shares of Rs 10/- each	23,100.00	23,100.00
Total	**23,100.00**	**23,100.00**
Issued		
2,306,370,000 (March 31, 2017: 2,306,370,000) Equity Shares of Rs 10/- each	23,063.70	23,063.70
Total	**23,063.70**	**23,063.70**
Subscribed and fully paid up		
2,148,734,052 (March 31, 2017: 2,148,734,052) Equity Shares of Rs 10/- each	21,487.34	21,487.34
Total	**21,487.34**	**21,487.34**

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

	Numbers	Rupees in Million
March 31, 2018		
Balance at the beginning of the year	2,148,734,052	21,487.34
Shares issued during the year	-	-
Balance at the end of the year	2,148,734,052	21,487.34
March 31, 2017		
Balance at the beginning of the year	2,148,734,052	21,487.34
Shares issued during the year	-	-
Balance at the end of the year	2,148,734,052	21,487.34

b. Terms/Rights Attached to equity Shares

The Company has only one class of shares referred to as equity shares having par value of Rs 10/- each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after satisfying all the dues to banks and financial institutions and after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Restrictions on the distribution of dividends :

Board shall subject to restrictions imposed by the project finance lenders, in terms of financing agreement, propose to the shareholders the maximum possible dividend payable under applicable law. Upon such recommendation shareholders shall declare dividends as follows -

i. All such dividends & profits shall be paid to shareholders in their existing shareholding pattern.

ii. Any such dividend or other distribution shall be based on profit generated by the Company or on appropriate basis permitted by the applicable laws.

d. Shares held by holding /ultimate holding company /holding company and/or their subsidiaries/associates.

Name of Shareholder	Numbers	Rupees in Million
March 31, 2018		
Equity Shares at par value of Rs 10/- each		
GMR Energy Limited [GEL] - Holding Company	1,878,440,283	18,784.40
March 31, 2017		
Equity Shares at par value of Rs 10/- each		
GMR Energy Limited [GEL] - Holding Company	1,878,440,283	18,784.40

e. Details of Shareholders holding more than 5% of equity shares in the Company

Name of Shareholder	Numbers	% Holding
March 31, 2018		
GMR Energy Limited [GEL]	1,878,440,283	87.42%
India Infrastructure Fund [IIF]	219,312,500	10.21%
March 31, 2017		
GMR Energy Limited [GEL]	1,878,440,283	87.42%
India Infrastructure Fund [IIF]	219,312,500	10.21%

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

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

13 Other equity

Rupees in Million

	Particulars	March 31, 2018	March 31, 2017
a)	**Retained earnings [Refer note no. (a) & (b) below]**		
	Balance at the beginning of the year	(17,675.52)	(14,694.79)
	Loss for the year	(775.32)	(2,980.73)
	Interest payable to group company written back on instruction of equity participant [Refer note no. (c) below]	275.31	-
	Balance at the end of the year	**(18,175.53)**	**(17,675.52)**
b)	**Equity component of other financial instruments [Refer note no. (d) below]**		
	Equity component Subordinated debt of Related Party, net of tax		
	Balance at the beginning of the year	2,465.92	2,405.44
	Transactions during the year		
	- Equity component of Subordinated debts, net of tax	101.46	60.48
	Balance at the end of the year	**2,567.38**	**2,465.92**
c)	**Other comprehensive income [Refer note no. (e) below]**		
	Balance at the beginning of the year	(3.42)	(0.35)
	Transactions during the year		
	Remeasurements gains/(loss) on defined benefit plans, net of tax effect	(1.61)	(3.07)
	Balance at the end of the year	**(5.03)**	**(3.42)**
	Total	**(15,613.18)**	**(15,213.02)**

Notes:

a) The Company's accumulated loss is more than fifty percent of its net worth due to operational difficulties faced during the initial years of operation. The Company's petition for 'Tariff Determination' in case of Power Purchase agreement (PPA) with GRIDCO Limited and 'Tariff Revision" in case of PPA with PTC India Limited & Bihar State Power (Holding) Company Limited has been disposed off substantially in favour of Company by Central Electricity Regulatory Commission (CERC). The accounts have been prepared on a going concern basis in view the aforesaid favourable order from CERC, assertive financial model and Financial support assurance of the Holding Company to financially support the Company.

b) Retained Earnings represents the amount that can be distributed by the Company as dividends considering the requirements of the Companies Act, 2013. No dividends are distributed given the accumulated losses incurred by the Company.

c) During the year, the Company has written back an amount of Rs.275.31 Million, i.e. 25% of total interest on loan payable as on March, 31, 2017 in terms of the proposed restructuring of loans from GMR Power Corporation Limited and the amount written back being contribution from fellow subsidiary is transferred to retained earnings. Further, the Company has also not recognised the interest during the year from April 1, 2017 to February 28, 2018 amounting to Rs. 302.63 Million in terms of the waiver.

d) Equity component of other financial instruments represents the difference in carrying value and fair value of Subordinate Debt issued to related party and Interest on Subordinate Debt issued to its parent on initial recognition. Fair value is determined by discounting the estimating the cash flows expected over the term of the instrument using an applicable discount rate. The equity component of related party transactions are adjusted to the carrying amount on account of extinguishment of liability and are disclosed net of deferred tax. [Refer note no. 14(c) below for further details].

e) Other comprehensive income represents remeasurements gains/(loss) on defined benefit plans, net of tax effect.

14 Borrowings

Rupees in Million

Particulars		March 31, 2018	March 31, 2017
Non-Current Balance			
Secured			
Rupee Term loans			
from banks [refer note no. (a)(i) & (b)(i) below]		39,390.59	41,090.67
Unsecured			
Promoters Subordinated debt - from Holding Company [Refer note no.(c) below]		542.48	447.95
Total non-current borrowings		**39,933.07**	**41,538.62**
Current Balance			
Secured			
Current maturities of long-term borrowings			
Term Loan [refer note no.(a)(i) & (b)(i)]		83.50	989.09
External Commercial Borrowings [refer note no.(a)(ii) & (b)(ii)]		-	3,518.97
	(a)	83.50	4,508.06
Short term borrowings			
Cash credit [Refer note no.(d) below]	(b)	1,655.18	1,583.76
Unsecured			
Loan from group company [Refer note no.(e) below]	(c)	2,945.94	3,221.26
Total current borrowings	(a+b+c)	**4,684.62**	**9,313.08**
Less: Current maturities of long-term borrowings shown separately under Other Financial Liabilities		(83.50)	(4,508.06)
Total Current Balance		**4,601.12**	**4,805.02**
Total borrowings		**44,534.19**	**46,343.64**

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Notes:

a) Nature of security

i) Rupee Term Loan from banks

A first mortgage and a charge by way of registered mortgage in favour of the Lenders/Security trustee of all the borrowers immovable properties, present and future, a first charge by way of hypothecation of all the borrowers movables including movable plant and machinery, machinery spares, tools and accessories, present and future, stock of raw materials, semi-finished and finished goods and consumable goods, a first charge on the book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising present and future, intangibles, goodwill, uncalled capital, present and future, a first charge on the Trust and Retention account including the debt service reserve account and other reserves and any other bank accounts, wherever maintained present and future first charge by way of assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever of the borrower in the project documents/in the clearances/in any letter of credit, guarantee, performance bond provided by any party to the project documents and all insurance contracts/insurance proceeds, pledge of shares (in the demat form) representing 87.42% of the total paid up equity share capital of the borrower.

ii) External Commercial Borrowings from Bank and its conversion to rupee term loan

First ranking charge/assignment/mortgage/hypothecation/Security Interest on pari passu basis on all the Borrower's immovable (including land) and movable properties (excluding mining equipments) including plant and machinery, machine spares, tools and accessories, furniture, fixtures, vehicle and other movable assets, both present and future in relation to the project, all the tangible and intangible assets including but not limited to its goodwill, undertaking and uncalled capital, both present and future in relation to the project, all insurance policies, performance bonds, contractors guarantees and any letter of credit provided by any person under the Project documents, all the rights, titles, permits, clearances, approvals and interests of the Borrower in, to and in respect of the project Documents and all contracts relating to the project, all the book debts, operating cash flows, receivables, all other current assets, commission, revenues of the borrower, both present and future in relation to the project and all the accounts and all the bank accounts of the borrower in relation to the Project and pledge of shares (in the demat form) held by the Holding Company constituting 51% of the shares of the Company which shall be reduced to 26% of shares on repayment of half the loans subject to the compliance of conditions put forth by the Consortium of RTL lenders. A first ranking pledge over Shares held by the sponsor (Holding Company) constituting fifty one percent (51%) of shares of the Company which shall be reduced to twenty six percent (26%) of shares on repayment of half the loans. Provided however, such pledge shall be subject to section 19(2) & (3) of the Banking Regulations Act, 1949.

All the security set out above shall rank pari passu amongst the lenders of the project for an aggregate term loans including ECB amounting to Rs. 47,186 Million along with working capital lenders for an further amount acceptable to the lenders.

b) Terms of repayment :

i) Rupee Term Loan :

As per the Rupee Term Loan (RTL) agreement entered into by the Company on May 27, 2009 with the consortium of banks and financial institution, the amount to be borrowed by the Company from the lenders shall not exceed Rs. 34,050.00 Million. Further, considering the project cost overrun and the additional corporate loan, the RTL limit has been increased to Rs. 44,050.00 Million. The applicable interest rate for all the lenders for the period ended March 31, 2018 varies from 11.25% p.a. to 13.75% p.a.

The amount of RTL borrowed including cost overrun funding and additional corporate loan needs to be repaid in 66 quarterly structured instalments from October 1, 2017, pursuant to RBI's Framework for Revitalising Distressed Assets in the Economy dated January 30, 2014 (including the Strategic Debt Restructuring Scheme dated June 8, 2015) and the consortium bankers have accordingly amended the Rupee Loan Agreement on June 29, 2015. As per the minutes of Joint Lenders Forum, the Company has prepaid about 10 quarterly instalments (out of the proceeds of bank guarantee invocation) to all the term loan lenders. In view of prepayments, the next repayment starting due from FY 2019-20 and onwards.

The interest accrued on rupee term loans were due for payment on March 31, 2018 to banks aggregating to Rs. 295.08 Million.

ii) External Commercial Borrowings :

As per the ECB Facility Agreement entered into by the Company on June 30, 2012 with ICICI Bank Limited, the USD amount to be borrowed should not exceed USD 6.25 Crore which on the drawdown date shall not exceed the rupee equivalent of Rs. 3,136.00 Million. The rate of interest on each loan for each interest period is the percentage per annum which is aggregate of the applicable : a) Margin and Six (6) months USD Libor, calculated at two (2) Business Days prior to the relevant interest period. The rate of interest during the April 03, 2017 to October 02, 2017 period is 6.118780% and October 03, 2017 to November 30, 2017 is 6.206%. Further, as per the terms of ECB loan agreement between the company and ICICI Bank balance amount of ECB has been converted into the Rupee Loan. The Company has to repay 1% per annum of the total ECB Drawdown amount starting from 12 months from initial drawdown date for first four years and thereafter the balance amount is to be paid at the end of 62 months from initial drawdown and converted into INR equivalent loan using conversion rate of Rs 56. The INR converted loan is repayable in 66 quarterly instalment starting from July 1, 2018 onwards.

Accordingly, the Company has repaid the ECB Loan on December 4, 2017 and the Bank has disbursed Rs. 2,877.36 Million INR converted loan for remaining ECB Loan as on December 04, 2017. Interest rate for such converted loan is 12.35%

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c) Promoters Subordinated Debt :

As per the Promoter Subordinated Debt Agreement between the Company and GMR Energy Limited ('Promoter') dated June 25, 2012 and subsequent revision, the promoter has infused Rs.4,109.16 Million (March 31, 2017 Rs.3,909.16 Million) into the Company as subordinated debt. The Company has fair valued the interest free subordinated debt issued to promoters under Ind AS Financial Statements and accordingly an amount of Rs.2,567.38 Million (March 31, 2017 : Rs.2,465.92 Million) net of taxes, have been transferred to Other Components of Equity under Other Equity.

Rupees in Million

Reconciliation of Subordinated debt:	March 31, 2018	March 31, 2017
Opening balance of subordinated debt	3,909.16	3,808.43
Add: Subordinated debt issued during the year	200.00	100.73
Closing balance of subordinated debt	4,109.16	3,909.16
Less: Equity component of subordinated debt transferred to other equity, net of tax	(2,567.38)	(2,465.92)
Less: Deferred tax impact on equity	(1,286.62)	(1,218.02)
	255.16	225.22
Add: Notional interest recognised upto date	287.32	222.73
Fair valued Subordinated debt grouped under borrowings	542.48	447.95

The Promoter Sub Debt does not carry any interest of whatsoever nature and is unsecured. Prior to achievement of the Financial Closure of project expansion, the Company shall be entitled to repay the Promoter Sub Debt only out of any extraordinary net cash flows received by the Company which are clearly demonstrated to have been received solely on account of the expenditure incurred towards Project expansion and do not have the impact of diluting the interest of the investors. The Promoter Sub Debt would rank lower in priority to the senior debt in repayment. The promoter shall reserve the right to convert the Promoter Sub Debt into Equity after achieving the Financial Closure of the Project Expansion. Such conversion shall be subject to prior written consent of the Investors. There will be no repayment of the promoter sub debt till the investors have exited from the Company fully.

d) Cash credit facilities :

Cash Credit facilities are secured by way of a first charge and registered mortgage of all the immovable properties and movables including plant and machinery, machinery spares, tools and accessories, stock of raw materials, semi finished goods and consumable goods and by book debts, operating cash flows, receivables, revenues whatsoever in nature, present and future. Further it is secured by pledge of shares representing 87.42% of the total paid up equity share capital of the Company. The beneficial interest in the Security shall rank pari passu among all the Rupee Lenders including ECB and the lenders participating in the bank borrowings for the working capital requirements/bank guarantee facility to the extent as approved by the Rupee Lenders. The Cash Credit Overdraft facility is repayable on demand subject to annual review/renewal. The interest rate is ranging between 11.90% to 14.20% for the year.

e) Loan from related party (unsecured) :

Carrying value of loan amount including interest accrued shall be repayable on demand. For other details refer note nos. 13(c) and 37.

15 Trade payables

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Current balance		
Trade payables (refer note (a) below)		
- due to micro and small enterprises (refer note (b) below)	13.13	12.80
- due to others	1,596.12	1,727.25
Retention Money	47.28	33.32
Acceptances against fuel supplies [refer note (c) below]	2,978.41	1,874.40
Buyers' Credit against fuel supplies	360.82	566.07
Total current trade and other payables	4,995.76	4,213.84

The fair value of trade and other payables is not materially different from the carrying value presented.

Notes:

(a) Trade payable mainly includes amount payable to coal suppliers and operation and maintenance vendors in whose case credit period allowed is less than 12 months. Company usually opens usance letter of credit in favour of the coal suppliers. Interest is charged by such suppliers for amount unpaid beyond the credit period. Since the average credit period is less than 12 months, the trade payable amount has been classified as current.

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

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Rupees in Million

Particulars	March 31, 2018	March 31, 2017
a) Principal amount due to the enterprises defined under MSMED	13.13	12.80
b) Interest due thereon to the enterprises defined under MSMED	0.34	0.18
c) Amount of Interest paid to the enterprises under Section 16 of MSMED	-	-
d) Payment made to the enterprises beyond appointed date under Section 16 of MSMED	-	-
e) Amount of Interest due and payable for the period of delay in making payment, which has been paid beyond the appointed day during the year, but without adding the interest specified under MSMED	0.98	0.02
f) The amount of interest accrued (not accounted in the books) and remaining unpaid at the end of each accounting year; and	1.32	0.20
g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure.	1.52	0.20

(c) Represents Letter of Credit accepted and discounted by the Company. Letter of Credit facility are part of the working capital facility sanctioned by the Banks and are secured as given in note no (d) of Note no. 14 above.

Acceptances denote letter of credit discounted with other banks. The rate of interest on such bill discounting ranges from 6.70% to 8.70% for Acceptances and from LIBOR + 0.5% to LIBOR + 0.65% for buyers credit / acceptances during the year.

Terms and conditions of the above financial liabilities:
For explanations on the Company's credit risk management processes, refer to Note no. 30

16 Other financial liabilities

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Non-Current balance		
Carried at fair value through profit and loss		
Derivative liability	-	-
Total non-current	-	-
Current balance		
Other financial liabilities at amortised cost		
Current maturities of long-term borrowings		
Secured:		
-Term Loan [refer note no.14(a)(i) & (b)(i)]	83.50	989.09
-External Commercial Borrowings [refer note no.14(a)(ii) & (b)(ii)]	-	3,518.97
Interest accrued but not due on :		
- Acceptances against fuel supplies	4.80	1.55
- Buyers' Credit against fuel supplies	1.64	0.78
- External Commercial Borrowings	-	106.12
- Term Loan	60.88	33.08
Interest accrued and due on :		
-Term Loan [refer note no.14(a)(i) & (b)(i)]	295.08	470.49
Security deposits	-	13.00
Other payables :		
- Payables towards capital goods / services	1,838.94	1,781.63
- Retention Money towards capital goods / services	3,366.23	3,145.84
- Salaries, bonus and other payables to employees	12.37	8.89
- Other liabilities [for related parties Refer note no.37]	353.13	321.16
Total current	6,016.57	10,390.60
Total	6,016.57	10,390.60

The fair value of Other Non-current / current Financial Liabilities is not materially different from the carrying value presented.

Break up of financial liabilities

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Financial liabilities carried at amortised cost		
Borrowings	44,617.69	50,851.70
Trade payables	4,995.76	4,213.84
Other financial liabilities	5,933.07	5,882.54
Total	55,546.52	60,948.08
	-	-

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17 Other liabilities

Rupees In Million

Particulars	March 31, 2018	March 31, 2017
Non-Current balance		
Government grants (refer note (a) below)	3,663.43	3,888.54
Total non-current	**3,663.43**	**3,888.54**
Current balance		
Proceeds from invocation of bank guarantee (refer note (b) below)	5,792.63	5,792.63
Income accrued on bank guarantee proceeds (refer note (b) below)	1,094.94	1,024.23
Government grants (refer note (a) below)	225.12	225.12
Environment management fund (refer note (c) below)	895.99	678.86
Statutory dues	93.49	278.08
Total current	**8,102.17**	**7,998.92**
Total other liabilities	**11,765.60**	**11,887.46**

Notes:

a) The Ministry of Power, Government of India vide letter dated February 01, 2012 had granted the Company with Mega Power Status Certificate under the Mega Power Policy for construction of its 3*350 MW Thermal based Power Plant. In terms of the same, the Company had availed exemptions of duty of customs approximately amounting to Rs.5,002.17 Million (as per the estimation of indirect taxation department of the Company) which has been capitalised under Property, Plant and Equipments in terms of Ind AS 20. The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 01, 2015. Accordingly, as per Ind AS 20, "Accounting for Government Grants and Disclosure of Government Assistance" Government grants related to assets is presented in the balance sheet by setting up the grant as deferred income and recognizing it in the profit or loss on a systematic basis over the useful life of the asset.

Rupees in Million

	March 31, 2018	March 31, 2017
Movement of Government Grants:		
Balance at the beginning of the year	4,113.66	4,338.78
Add : Grant received during the year	-	-
Less: Released to profit or loss	225.11	225.12
Balance at the end of the year	**3,888.55**	**4,113.66**

b) The Company has invoked the Bank Guarantees of its EPC Contractors (herein after called 'party') amounting to Rs. 5,792.63 Million [March 31, 2017: Rs. 5,792.63 Million] on November 12, 2014 for liquidated damages, non-payment of debit notes issued by the Company and Outstanding liabilities to Sub-contractors of EPC contractor. The matter is presently sub-judice with District Court, Dhenkenal, and High Court of Odisha, Cuttack. The said amount along with income accrued aggregating up to March 31, 2018 of Rs.1,094.94 Million [March 31, 2017: Rs.1,024.23 Million], have been disclosed under other payables under note no.17 pending settlement of the litigation and no effect has been given to the carrying value of the fixed assets. Refer note no.32(d).

c) In terms of the Power Purchase Agreement between the Company and GRID Corporation of Orissa Limited (GRIDCO Limited), it had deducted Rs.50 Million towards Orissa Environment Management Fund (OEMF) during December 2016 from the power purchase bill payable to the Company. As per the Memorandum of understanding (MOU) entered between the Company and the State of Odisha, an annual contribution of 6 paise per unit of the energy sent out from the Thermal Power Plant to outside the State is to be contributed by the Company towards the Environment Management Fund (OEMF). In this regard, the Company has filed a writ petition WP(C) No-21550/17 against the State of Odisha and 3 Others before the Hon'ble High Court of Orissa, Cuttack to direct GRIDCO not to collect/ deduct any amount towards OEMF from the monthly bill payable to the Company and refund the amount already deducted. Hon'ble High Court has granted stay vide its Order on October 10, 2017.

The Management is of the opinion that the contribution to the OEMF is a contractual arrangement between the Govt. of Odisha and the Company and the claim does not have any regulatory/legislative backing. The management is hopeful of getting a favourable order from courts in view of the internal legal opinion received stating that the OEMF set up under Section 27E of Orissa Minor Mineral Concession Rules 2004 for reclamation, and rehabilitation of mined out areas of minor minerals and conservation of environment thereof is applicable to mining companies and power generating companies will not fall under the ambit of this Act nor the same is any statutory obligation. However, as a matter of prudence, the company has made a provision for OEMF and disclosed under Other Payables under Other Current Liabilities.

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18 Provisions

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Non-current Provisions		
Provision for compensated absences	39.37	-
Provision for decommissioning liability (refer note (a) below)	79.84	74.07
Total non-current provisions	**119.21**	**74.07**
Current Provisions		
Provision for employee benefits		
Provision for compensated absences	2.24	47.98
Provision for other employee benefits	41.75	34.75
Provision for Gratuity	8.62	3.76
Other provisions		
Provision for rebate	14.31	7.09
Total current provisions	**66.92**	**93.58**
Total provisions	**186.13**	**167.65**

Note:

a) **Movement of provision for decommissioning liability**

	March 31, 2018	March 31, 2017
Balance at the beginning of the year	74.07	109.62
Notional interest for the year	5.77	5.36
Reversal due to change in useful life of Plant	-	(40.91)
Balance at the end of the year	**79.84**	**74.07**

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19 Income Tax

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

19.01 Income tax expense in the statement of profit and loss comprises:

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Profit or loss section		
Current Tax	-	-
Deferred Tax	(67.77)	(28.36)
Tax expense / (credit) to Statement of Profit and Loss	**(67.77)**	**(28.36)**
Other comprehensive income section (OCI)		
Deferred tax related to items recognised in OCI during in the year:		
Re-measurement gains (losses) on defined benefit plans	(0.83)	(1.52)
Tax expense / (credit) to Other Comprehensive Income	**(0.83)**	**(1.52)**
Tax expense / (credit) to Total Comprehensive Income	**(68.60)**	**(29.88)**

19.02 Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017:

Rupees in Million

Particulars		March 31, 2018	March 31, 2017
Loss before tax and exceptional item		(843.09)	(3,009.09)
Applicable tax rate		33.384%	33.063%
Tax effect of income / (loss)	(a)	(281.46)	(994.90)
Adjustments:			
Tax effect on non-taxable income		(75.15)	(74.43)
Tax effect on non-deductible expenses		17.16	7.12
Waiver of interest payable to group company recognised in retained earnings		91.91	-
Income not recognised but offered for tax		(0.23)	81.06
Effect of change in tax rates		66.15	-
	(b)	99.84	13.75
	(c)=(a+b)	(181.62)	(981.15)
Unused tax depreciation on which no deferred tax benefit is recognised	(d)	181.62	981.15
	(e)=(c+d)	-	-
Recognition of deferred tax asset to the extent of deferred tax liability recognised directly under equity	(f)	55.96	28.36
Effect of change in tax rates	(g)	11.81	-
Tax expense / (credit) to Statement of Profit and Loss	(h)=(e-f-g)	**(67.77)**	**(28.36)**
Tax expense / (credit) to Other Comprehensive Income	(i)	(0.81)	(1.52)
Effect of change in tax rates	(j)	(0.02)	-
Tax expense / (credit) to Total Comprehensive Income	(k)=(h+i+j)	**(68.60)**	**(29.88)**

19.03 Non-current tax assets (net)

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Opening Balance	75.63	-
Less: Current tax payable for the year	-	-
Add: Earlier year tax reversed and decapitalised	4.50	34.09
Add: Current taxes paid	6.35	41.54
Closing balance of Non-current tax assets (net)	**86.48**	**75.63**

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19.04 Major components of deferred tax assets and liabilties for the year ended March 31, 2018 and March 31, 2017

Rupees in Million

Particulars		March 31, 2018	March 31, 2017
Deferred tax liability			
Property, plant and equipments and intangible assets		7,817.90	7,186.87
Borrowings		106.64	115.71
Subordinated debt		1,190.70	1,144.38
Recognition of prepaid assets		-	0.21
Fair value of Investments		-	53.68
Fair value of Derivatives financial assets		-	78.01
Other financial assets		0.22	0.27
Total	(a)	**9,115.46**	**8,579.13**
Deferred tax asset			
Provision for decommissioning liability		7.70	5.72
Security deposit		0.23	0.49
Provision for Leave Encashment		13.89	15.86
Provision for rebate		4.78	2.34
Provision for Gratuity		0.36	(0.45)
Preliminary expenses		-	1.74
Income not recognised but offered for tax		365.54	284.96
Statutory dues		299.12	237.39
Re-measurement gains (losses) on defined benefit plans		2.52	1.69
Unused tax losses		2,550.83	2,526.30
Unabsorbed tax depreciation		11,223.93	10,617.04
Total	(b)	**14,468.90**	**13,693.08**
Net deferred tax (assets) / liability	(c)=(a-b)	**(5,353.44)**	**(5,113.95)**
Unused depreciation allowances not recognised *	(d)	5,353.44	5,113.95
Net deferred tax (assets) / liability	(e)=(c+d)	-	-

*-The Company has unused depreciation allowances which arose in India of Rs.5,353.44 Million (March 31, 2017: Rs.5,113.95 Million. Entire unused depreciation allowances is allowable in future period against taxable profits without any time limit. There are no unused tax losses as on balance sheet date.

19.05 Reconciliations of deferred tax (liabilities) /assets

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Opening balance	-	-
Tax income/(expense) during the period recognised in profit or loss	55.96	28.36
Effect of tax rate changes recognised in profit or loss	11.81	-
Tax income/(expense) during the period recognised in OCI	0.81	1.52
Effect of tax rate changes recognised in OCI	0.02	-
Amount recognised directly in equity	(56.77)	(29.88)
Effect of tax rate changes recognised directly in equity	(11.83)	-
Closing balance	-	-

19.06 Amount recognised in other comprehensive income

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Opening balance	(1.69)	(0.17)
Add: Deferred tax recognised during the year	(0.83)	(1.52)
Closing balance	**(2.52)**	**(1.69)**

19.07 Amount recognised directly in equity

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Opening balance	1,218.02	1,188.14
Add: Deferred tax recognised directly in equity during the year	68.60	29.88
Closing balance [netted off with other components of equity (refer note no.13)]	**1,286.62**	**1,218.02**

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

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20 Revenue from operations

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Sale of Electrical Energy	19,895.90	19,155.38
Total	**19,895.90**	**19,155.38**

Notes:

a) The Company had claimed compensation for various "change in law" events, including compensation for additional fuel cost on account of shortage of linkage coal in Bihar State Power (Holding) Company Limited (BSPHCL) [erstwhile Bihar State Electricity Board (BSEB)] power purchase agreement and filed petition with Central Electricity Regulatory Commission (CERC).

The CERC in its Order dated April 07, 2017 against Petition No 112/MP/2015 disallowed the Company's claim on coal cost pass through stating that changes in fuel supply agreement and deviation in New Coal Distribution Policy (NCDP) was not change in law event. The Company has filed appeal with Appellate Tribunal for Electricity (APTEL) against the CERC Order which is pending for adjudication.

Hon'ble Supreme Court on April 11, 2017 in Energy watchdog vs CERC and Ors, concluded in its Order that deviation in NCDP policy would constitute to change in law event.

Subsequent to the same on March 20, 2018 CERC in the Case of PTC India Limited (Haryana Discoms) against petition no.105/MP/2017 along with IA No.42/2017, respectfully following the Supreme Court judgment held deviation in NCDP as change in law event reconfirmed the CERC order dated February, 3 2016 and upheld the Company's claim of Coal Cost Pass through along with the methodology for computation of the revenue.

The Company in view of the Supreme court Order and CERC order in its own case has sought legal opinion from the legal counsel on certainty of the claim in BSPHCL considering the CERC judgment for Haryana Discoms. Considering opinion received from legal counsels that the Company has good tenable case with virtual certainty with respect to coal cost pass through appealed before APTEL in respect of BSPHCL and CERC judgment in Company's own case for Haryana Discoms where the computation methodology of Coal Pass Through was decided, the management of the Company is virtually certain on receipt of the Company's claim of revenue on coal cost pass through and is of the opinion that no contingency is involved in this regard. In view of the same and as per the draft expert opinion received, the Company during the year has recognized the income of Rs.1,709.23 Million from the date of scheduling of power to BSPHCL under PPA on coal cost pass through. Any change in the revenue recognised will be given effect to financial statements in the ensuing year on attaining finality of proceedings.

b) The Company, under long term Power Purchase Agreements ("the PPAs"), has committed to sell upto 262.5 MW for twenty five years to GRIDCO Limited for tariff to be determined by the Appropriate Authority.

i) The Company in respect of PPA with GRIDCO Limited had received Tariff determination Order from CERC vide its Order dated November 12, 2015, arrived at tariff for the year 2013-14 in terms of 2009-14 tariff regulations. The Company has done detailed workings for computation of tariff as per the project cost approved (including additional project cost approved as per CERC Order dated August 1, 2017) in accordance with CERC Regulations and has raised bill on GRIDCO Limited till February 28, 2018 as determined by the above said Orders in terms of 2009-14 tariff regulations. The said bills have been duly acknowledged by GRIDCO Limited and presently under verification at their end based on 2009-14 regulation. Further, the company has raised invoice for the month of March, 2018 based on CERC regulation 2014-19 as advised by the customer.

ii. Further, the Company has done truing up of tariff workings for billings already done for FY 2014-15 to FY 2017-18 considering truing up petition filed by the Company based on 2014-19 Tariff Regulations. In terms of the same, the amount billed as per 2009-14 Tariff Regulations to the extent of Rs. 124.76 Million (March 31, 2017: Rs. 42.49 Million) has been reversed for the period April 1, 2017 to February 28, 2018 considering prudency.

iii. The Company with reference to the clause 6.2.2 of the PPA executed with GRIDCO Limited on January 04, 2011, has recognised revenue with regard to reimbursement of Electricity Duty on Auxiliary consumption for the period from January, 2013 to March 2018 for Rs. 161.88 Million.

c) The Company, under long term Power Purchase Agreements (the PPAs), has committed to sell up to 300 MW with Uttar Haryana Bijli Vidyut Nigam Limited and Dakshin Haryana Bijli Vidyut Nigam Limited ("Haryana Discoms") through PTC India Limited (PTC) under Section 63 of the Electricity Act, 2003 (i.e. competitive bidding). The Company had filed a petition before CERC claiming additional tariff considering the change in law impact on various variable cost components. The CERC has, after considering the submission by both the parties vide its Orders dated February 3, 2016 and February 21, 2018 has allowed Company's claim for royalty on Coal, levy of clean energy Cess, excise duty on Coal, coal cost pass through, electricity duty, NMET & DMF, Swachh Bharat Cess and Krishi Kalyan cess. Accordingly, the Company has done detailed workings for change in law as per the CERC Order and recognised the revenue.

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In respect of the matters above, the Appellate Tribunal for Electricity (APTEL), New Delhi has concluded that CERC has jurisdiction to determine the tariff and has dismissed the appeals filed by the GIRDCO and PTC India Limited (Haryana Discoms) there by upholding the Tariff determined by CERC. The company had also filed petition for recovery of dues with CERC where in the CERC in its order dated March 20, 2018 has directed PTC India Limited to pay the above dues with late payment interest and reaffirmed the CERC order dated February 3, 2016 on change in law claims including Coal Cost Pass through. In view of the same, Management is of the assessment that it would not be unreasonable to expect ultimate collection of the amount involved as mentioned above, the Company has recognized the same as revenue from operations

d) The Company, under long term Power Purchase Agreements (the PPAs), has committed to sell up to 260 MW with Bihar State Power (Holding) Company Limited (BSPHCL) under Section 63 of the Electricity Act, 2003 (i.e., competitive bidding). The Company had filed a petition before CERC claiming additional tariff considering the change in law impact on various variable cost components. The CERC has, after considering the submission by both the parties vide its Orders dated April 7, 2017, February 21, 2018 & March 14, 2018 has allowed the Company's claim for royalty on coal, levy of clean energy cess, excise duty on coal, service tax and swachh bharat cess on transport of coal, increase in VAT rate, contribution to National Mineral Exploration Trust and District Mineral Foundation, increase in electricity Duty on Auxiliary Consumption. Further, as per CERC (Suomotu) Order dated March 14, 2018, benefit of any reduction in cost of generation in relation to change in law event has been passed on to Discoms/beneficiaries. Accordingly, the Company has done detailed workings for change in law as per the CERC Order and recognised the revenue.

e) The Company recognised late payment surcharge on delayed payments of trade receivables in view of acceptance of company's claim by customers for Rs. 408.68 Million and the same has recognised as Other Income.

21 Other income — Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Interest income		
- Bank deposits	52.51	86.95
- Other deposits	9.14	13.43
- Unwinding financial assets	0.79	0.70
Profit on sale on investments	0.19	-
Exchange gain (on account of restatement of forex liabilities)	-	208.53
Government grants income allocation (refer note no.17(a) above)	225.12	225.12
Late payment surcharge	408.68	-
Sundry balances written back	-	2.16
Miscellaneous income	48.92	19.37
Total	**745.35**	**556.26**
Notional interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit or loss:		
Unwinding of security deposits classified at amortised cost	0.79	0.70

22 Cost of fuel consumed — Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Cost of materials consumed		
Inventory at the beginning of the year	342.85	585.50
Add: Purchases	9,603.55	8,776.19
	9,946.40	9,361.69
Less : Inventory at the end of the year	447.53	342.85
Cost of materials consumed	**9,498.87**	**9,018.84**
Details of cost materials consumed		
Coal	9,447.09	8,959.43
Light Diesel Oil	51.78	58.92
Heavy Furnace Oil	-	0.49
Total	**9,498.87**	**9,018.84**

23 Power purchases — Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Purchase of power [refer note no. 37 (d)]	576.62	1,207.65
Total	**576.62**	**1,207.65**

24 Employee benefit expenses — Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Salaries, wages and bonus	420.13	346.01
Contribution to provident fund and others [refer note no. 35]	36.38	29.55
Recruitment/Placement Costs	9.67	5.38
Staff welfare expenses	20.47	17.72
Total	**486.65**	**398.66**

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25 Depreciation and amortisation expenses — Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Depreciation of tangible assets	2,999.66	2,989.05
Amortisation of intangible assets	1.99	2.34
Total	**3,001.65**	**2,991.39**

26 Finance costs — Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Interest expenses		
- Term loan	4,971.12	5,535.35
- External commercial borrowing (including hedging loss) [Refer note no.30.06]	287.81	524.65
- Working capital loan	176.98	147.09
- On unwinding on financial liabilities	64.59	53.92
- On unwinding on decommissioning liabilities (net of reversal)	5.78	3.60
- Other interest	179.84	569.06
Bank and other finance charges	161.01	108.02
Total	**5,847.13**	**6,941.69**

Note 1:
Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss:

Notional interest on unwinding of Promoters Subordinate debt - from Holding Company	64.59	53.92
Amortization of Upfront cost paid on rupee term loans	22.85	19.57
Amortization of Upfront cost paid on external commercial borrowings.	6.24	9.24
Total	**93.68**	**82.73**

27 Other expenses — Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Transmission & Distribution charges	220.20	203.88
Environment Cess	217.11	238.22
Rent and hire charges	110.06	99.43
Rates and taxes	24.62	18.48
Insurance	62.78	54.07
Repairs and maintenance		
-Plant and machinery	119.57	221.16
-Others	110.24	92.73
Electricity, Fuel and water charges	366.36	284.83
Security charges	83.69	87.19
Office Maintenance	34.70	17.83
Consumption of Stores and Spares	71.52	294.84
Manpower Cost	216.24	234.71
Communication costs	11.23	8.33
Printing and stationery	1.09	2.29
Consultancy & Professional Fees	294.30	242.25
Travelling and conveyance	26.77	26.53
Payment to auditors *	6.73	4.12
Board meeting expenses	0.40	1.02
Advertisement	0.70	1.18
Community Development	37.91	19.89
Exchange fluctuation loss	26.79	-
Business Promotion	3.02	0.93
Donation	12.80	1.57
Miscellaneous expenses	14.59	7.02
Total	**2,073.42**	**2,162.50**

***- Break-up of payment to auditors**

Statutory audit fee	2.95	2.88
Tax Audit fee	0.59	0.58
Certification fees	3.19	0.66
Total	**6.73**	**4.12**

28 The disaggregation of changes to OCI by each type of reserve in equity is shown below: — Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Retained Earnings for the year		
Re-measurement gains (losses) on defined benefit plans	(2.44)	(4.59)
Income tax effect	0.83	1.52
Total	**(1.61)**	**(3.07)**

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CIN: U40101KA2007PLC044809

Notes to the financial statements

29 Financial Instruments

29.01 Financial instruments by category

Financial instruments comprise financial assets and financial liabilities.

a) The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows Rupees in Million

Particulars	Refer note no.	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets:						
Cash and cash equivalents	10	548.62	-	-	548.62	548.62
Other bank balances	11	777.34	-	-	777.34	777.34
Investments:						
in Mutual Funds	4	-	-		-	-
Trade Receivables	9	6,865.02	-	-	6,865.02	6,865.02
Unbilled revenue	6	1,481.53			1,481.53	1,481.53
Loans	5	12.11	-	-	12.11	12.11
Security deposit	5	16.45	-	-	16.45	16.45
Derivative assets	6	-	-	-	-	-
Other financial assets	6	428.02	-	-	428.02	428.02
Total		10,129.09	-	-	10,129.09	10,129.09
		-	-		-	-
Financial liabilities					-	-
Borrowings	14	44,617.69	-	-	44,617.69	44,617.69
Trade payables	15	4,995.76	-	-	4,995.76	4,995.76
Other financial liabilities	16	5,933.07	-	-	5,933.07	5,933.07
Derivative liability	16	-	-	-	-	-
Total		55,546.52	-	-	55,546.52	55,546.52

b) The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows Rupees in Million

Particulars	Refer note no.	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets:						
Cash and cash equivalents	10	943.92	-	-	943.92	943.92
Other bank balances	11	3,357.35	-	-	3,357.35	3,357.35
Investments:						
in Mutual Funds	4	-	2,612.35		2,612.35	2,612.35
Trade Receivables	9	5,040.98	-	-	5,040.98	5,040.98
Unbilled revenue	6	1,458.99			1,458.99	1,458.99
Loans	5	14.68	-	-	14.68	14.68
Security deposit	5	48.59	-	-	48.59	48.59
Derivative assets	6	-	112.87	-	112.87	112.87
Other financial assets	6	254.24	-	-	254.24	254.24
Total		11,118.75	2,725.22	-	13,843.97	13,843.97
		-	-		-	-
Financial liabilities					-	-
Borrowings	14	50,851.70	-	-	50,851.70	50,851.70
Trade payables	15	4,213.84	-	-	4,213.84	4,213.84
Other financial liabilities	16	5,882.54	-	-	5,882.54	5,882.54
Derivative liability	16	-	-	-	-	-
Total		60,948.08	-	-	60,948.08	60,948.08

29 Financial Instruments

29.02 Fair value hierarchy

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

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

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

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

a) The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2018:

Rupees in Million

Particulars	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments:				
in Mutual Funds	-	-	-	-
Derivative assets				
Interest rate swaps and cross currency swaps	-	-	-	-
Security deposit	-	-	-	-
Liabilities measured at fair value through profit or loss:				
Derivative liability				
Interest rate swaps and cross currency swaps	-	-	-	-

b) The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

Rupees in Million

Particulars	Total	Level 1	Level 2	Level 3
Assets measured at fair value through profit or loss:				
Investments:				
In Mutual Funds	2,612.35	2,612.35	-	-
Derivative assets				
Interest rate swaps and cross currency swaps	112.87	-	112.87	-
Security deposit	-	-	-	-
Liabilities measured at fair value through profit or loss:				
Derivative liability				
Interest rate swaps and cross currency swaps	-	-	-	-

During the year ended March 31, 2018 and March 31, 2017 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair value of liquid mutual funds is based on net asset value quoted price. Derivative financial instruments are valued based on directly or indirectly observable inputs in the marketplace. Fair value is determined using Level 3 inputs at Discounted cash flows.

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

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

30 Financial risk management

Financial Risk Factors

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

In the course of its business , the Company is exposed to primarily to fluctuation in foreign currency exchange rates, interest rates, equity prices , liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management frame work aims to :

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

30.01 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments. The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations, provisions.
The following assumptions have been made in calculating the sensitivity analysis.
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

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30 Financial risk management

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the amount payable to EPC Contractors, coal & spare part vendors and operation and maintenance contractors (when expense is denominated in a foreign currency). Company's payable balance to EPC contractors are paid at spot rate applicable on date of transaction. The details of unhedged exposure to foreign currency is given in Note no.38.

Foreign currency sensitivity

The Company is mainly exposed to changes in USD and the Company's exposure to foreign currency changes for all other currencies is not material. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate. The impact on the Company's loss before tax is due to changes in the fair value of monetary assets and liabilities.

Rupees in Million

Particulars	Type of major currency	Change in currency rates	Effect on loss before tax		Effect on total equity	
			March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Increase of loss	USD	(+)5%	(276.31)	(249.89)	(276.31)	(249.89)
Decrease of loss	USD	(-)5%	276.31	249.89	276.31	249.89

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company analysis its interest rate exposure on a dynamic basis. The Company manages its interest rate risk by having balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity:

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

Rupees in Million

Particulars	Type of currency	Increase/ decrease in basis points	Effect on loss before tax		Effect on total equity	
			March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Increase of loss	INR	(+)50	(205.34)	(211.17)	(205.34)	(211.17)
Decrease of loss	INR	(-)50	205.34	211.17	205.34	211.17
Increase of loss	USD	(+)50	(3.32)	(21.24)	(3.32)	(21.24)
Decrease of loss	USD	(-)50	3.32	21.24	3.32	21.24

30.02 Commodity price risk

The Company is affected by the price volatility of certain commodities which is moderated by optimising the procurement under fuel supply agreement. Its operating activities require the on-going purchase or continuous supply of coal. Therefore the Company monitors its purchases closely to optimise the price.

30.03 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities primarily loans receivables, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

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

The maximum exposure of financial assets subject to credit risk was equal to the respective carrying amounts on the balance sheet date. None of the financial assets subject to credit risk are impaired. The Company's dues under power purchase agreement with Discoms are treated good and recoverable inspite of being past due being dues from government organization.

Aging analysis of the trade receivables (excluding unbilled revenue) has been considered from the date it is due — Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Upto 3 months	1,734.17	2,172.48
3 to 6 months	982.02	804.24
More than 6 months	4,148.83	2,064.26
Total	6,865.02	5,040.98

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30 Financial risk management

With respect to trade receivables / unbilled revenue, the Group has constituted the terms to review the receivables on a periodic basis and to take necessary mitigations, wherever required. The Group creates allowance for all unsecured receivables based on lifetime expected credit loss. The expected credit loss allowance is based on the ageing of the receivables that are due and the past experience.

Credit risk from balances with bank and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

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

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

30.04 Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility, cash and cash equivalents and funding from parent company) on the basis of expected cash flow. This is generally carried out at by the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans. The Company also issues preference shares/ debentures/sub debt to the parent company/ group companies from time to time to ensure a liquidity balance.

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

Rupees in Million

Particulars	Total	Repayable on demand	Due within 1 year	Due between 1 to 5 years	Due after 5 years
As at March 31, 2018					
Non-derivative financial liabilities					
Borrowings from banks and others	39,793.52	-	83.50	12,490.66	27,219.36
External commercial borrowings	-	-	-	-	-
Promoter sub-ordinated debt from holding company	4,109.16	-	-	-	4,109.16
Cash credit	1,655.18	1,655.18	-	-	-
Security deposits	-	-	-	-	-
Loan from related party	2,945.94	2,945.94	-	-	-
Trade payable	1,656.53	1,609.25	47.28	-	-
Acceptances and Buyers credit	2,577.89	-	2,577.89		-
Acceptances and Buyers credit in foreign currency	761.34		761.34		
Other financial liabilities	5,933.07	5,865.75	67.32	-	-
Total	59,432.63	12,076.12	3,537.33	12,490.66	31,328.52
Derivative financial liabilities					
Interest rate swaps and cross currency swaps	-	-	-	-	-
Total	-	-	-	-	-
As at March 31, 2017					
Non-derivative financial liabilities					
Borrowings from banks and others	42,342.76	-	989.09	9,514.40	31,839.27
External commercial borrowings	3,526.66	-	3,526.66	-	-
Promoter sub-ordinated debt from holding company	3,909.16	-	-	-	3,909.16
Cash credit	1,583.76	1,583.76	-	-	-
Security deposits	13.00	-	13.00	-	-
Loan from related party	3,221.26	3,221.26	-	-	-
Trade payable	1,773.37	1,740.05	33.32	-	-
Acceptances and Buyers credit	1,874.40	-	1,874.40		-
Acceptances and Buyers credit in foreign currency	566.07		566.07		
Other financial liabilities	5,869.54	5,728.01	141.53	-	-
Total	64,679.98	12,273.08	7,144.07	9,514.40	35,748.43
Derivative financial liabilities					
Interest rate swaps and cross currency swaps	-	-	-	-	-
Total	-	-	-	-	-

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30 Financial risk management

30.05 Capital management

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group to which the company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group or the Company. The results of the Directors' review of the company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

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 debt divided by total capital plus debt.

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

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Total Debt / borrowings	44,617.69	50,851.70
Capital Components		
Equity Share Capital	21,487.34	21,487.34
Reserves and Surplus	(15,613.18)	(15,213.02)
Total Capital	5,874.16	6,274.32
Capital and debt	50,491.85	57,126.02
Gearing ratio (%)	88.37%	89.02%

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 March 31, 2018 and March 31, 2017.

30.06 Derivative Accounting

The Company holds derivative financial instruments such as cross currency swaps to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter parties for these contracts is generally a bank or a financial institutions. These derivative financial instruments are valued based on quoted price for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

The details of Outstanding derivatives is disclosed as per Note No. 38(a) below.

The Company has availed external commercial borrowings to fund its project cost payable to its Vendors. The Company's borrowings carry interest at 6 months LIBOR plus Margin. The ECB and payables to vendors are exposed to transactional foreign currency risks to the extent that there is a mismatch between the currencies in which payables and borrowings are denominated and the functional currency of the Company which is INR. The currencies in which these transactions are primarily denominated is US Dollars. The Company is also exposed to interest rate risks on account of reset of LIBOR rate every six months. The Company has undertaken a risk assessment and has identified the currency risk on the External Commercial Borrowings as the primary risk.

The Company's risk management policy is to hedge significant portion of its foreign currency exposure on external commercial borrowings (ECB), payables and interest payments on ECB using Principal and Interest Swaps, which are payable over a period of 4-5 years ending in Financial Year 2017-18. The Company has designated such contracts as fair value hedges.

The following are the contractual maturities of derivative instruments into relevant maturity groupings based on the remaining period as at the Balance Sheet date :

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Within One Year		
Principal Swaps	-	3,186.44
Interest Swaps	-	34.81
	-	3,221.25
Between One to Five Years		
Principal Swaps	-	-
Interest Swaps	-	-
	-	-

The Company determines the hedge effectiveness at the inception of the hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged items and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge in-effectiveness is calculated and accounted for in the statement of profit and loss at the time of hedge relationship re-balancing.

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30 Financial risk management

a. Disclosure of effects of hedge accounting on financial position

Rupees in Million

Particulars	Nominal Amount of the Hedging Instrument		Carrying Amount of the Hedging Instrument*		Maturity Date	Hedge Ratio	Weighted Average Price / Rate	Changes in Fair Value of Hedging Instruments (Gain / (Loss))	Changes in Value of Hedged Item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
March 31, 2018									
Fair Value Hedge									
Cross Currency Swaps :									
Principal Swaps	-	-	-	-	NA	NA	NA	74.86	(74.86)
Interest Swaps	-	-	-	-	NA	NA		37.92	(37.92)
March 31, 2017									
Fair Value Hedge									
Cross Currency Swaps :									
Principal Swaps	-	3,186.44	158.07	-	01-Dec-17	1:1	US$1/INR 64.885	(103.59)	103.59
Interest Swaps	-	34.81	-	45.19	01-Dec-17	1:1		66.97	(66.97)

*-Carrying Amount of the hedges are disclosed under Note nos.6 &16.

The Company offsets a financial asset and financial liability when it currently has a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Quantitative information about off-setting of derivative financial assets and derivative financial liabilities is as follows:

Rupees in Million

Particulars	March 31, 2018		March 31, 2017	
	Derivative Financial Asset	Derivative Financial Liability	Derivative Financial Asset	Derivative Financial Liability
Gross Amount of recognised financial asset / liability	-	-	158.07	(45.19)
Amount of set off	-	-	(45.19)	45.19
Net Amount presented in Balance Sheet	-	-	112.88	-

b. Disclosure of effect of hedge accounting on financial performance

Rupees in Million

Particulars	Changes in Value of Hedged item accounted in Statement of Profit and Loss (Gain/ (Loss))	Line item under which changes in value of Hedged item is disclosed in Statement of Profit and Loss
March 31, 2018		
Fair Value Hedge		
Cross Currency Swaps		
Principal Swaps	74.86	Refer Note no.26
Interest Swaps	37.92	Refer Note no.26
March 31, 2017		
Fair Value Hedge		
Cross Currency Swaps		
Principal Swaps	(103.59)	Refer Note no.26
Interest Swaps	66.97	Refer Note no.26

There are no ineffectiveness recognised in the statement of profit and loss during March 31, 2018 and March 31, 2017.

c. Movements in Fair Value Hedge

Rupees in Million

Particulars	Principal Swaps	Interest Swaps	Total
As at March 31, 2016	261.66	(112.16)	149.50
Add : Fair Value Changes recognised in Statement of Profit and Loss	(103.59)	66.97	(36.62)
As at March 31, 2017	158.07	(45.19)	112.88
Add/(Less) : Realised hedging (gain)/loss on settlement	(232.93)	7.27	(225.66)
Add : Fair Value Changes recognised in Statement of Profit and Loss	74.86	37.92	112.78
As at March 31, 2018 *	-	-	-

*- there are no outstanding swaps/derivatives for hedge accounting as on the balance sheet date.

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31 Calculation of Earning per share (EPS):

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year. There is no dilutive potential ordinary shares as at March 31, 2018 and March 31, 2017. Thus, diluted EPS equals basic EPS.

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

Particulars	March 31, 2018	March 31, 2017
a. Nominal value of Equity shares (in Rupees per share)	10	10
b. Weighted average number of Equity shares at the year end (in Nos)	2,148,734,052	2,148,734,052
c. Profit / (loss) attributable to equity holders of the Company for basic earnings (Rupees in Million)	(775.32)	(2,980.73)
d. Basic/Diluted Earning per share of Rs 10/- each (in Rs.) [(c)/(b)]	(0.36)	(1.39)

32 Contingent liabilities, contingent assets and commitments

i. Contingent Liabilities

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
a. Letter of credit	642.64	244.57
b. Claims against the company not acknowledged as debt	137.59	137.59
c. Disputed arrears of electricity charges	118.07	118.07
d. Disputed entry tax liabilities [refer note (a) below]	1,840.74	1,840.74
e. Disputed Income tax liabilities [refer note (b) below]	11.05	11.05
f. Disputed tax deducted at source including interest	12.06	10.86
g. Disputed demand for deposit of fund set up by Water Resource Department, Government of Odisha	600.00	-
h. Disputed additional short term open access charges [refer note (c) below]	57.46	-
i. Claims filed by EPC Contractor in the International Arbitral Tribunal [refer note (d) below]	19,670.00	-
j. Dispute on relinquishment charges for modification of transmission lines granted under long term access [refer note (e) below]	NA	-

Notes:

a) Entry tax & Penalty demand of Rs.1,840.74 Million [March 31, 2017 : Rs.1,840.74 Million] was raised by the Additional Commissioner Cuttack, for non payment of entry tax on imported plant and machineries from outside India as per Orissa Entry Tax Act, 1999. The Company has already deposited Rs.279.96 Million [March 31, 2017 : Rs.279.96 Million] under protest and had filed appeal before the appellate authorities and special leave petition before Hon'ble Supreme Court. On 7th April, 2017 the Hon'ble Supreme Court has passed an Order in favour of the Commercial tax Department by giving liberty to the petitioner to review their writ petition and making proper application to the High Court. The Company accordingly has filed writ petition with the Hon'ble High Court, Odisha for grounds of discrimination and review on 6th November, 2017. The Management of the Company is hopeful of getting favourable order and does not foresee any financial implication on financial statements and no provision is considered necessary.

b) Upon completion of income tax assessment under section 143(3) r.w.s 153A for Assessment Years 2008-09 to 2013-14, the Assessing Officer has considered certain revenue expenditure claimed by the company as not deductible and has also considered certain items in capital work in progress as not eligible for capitalisation. The said adjustments have resulted in creation of tax demand of Rs.11.05 Million and initiation of penalty proceedings. The Company has paid an amount of Rs.12.42 Million against tax demand created without prejudice to appeal filed for Assessment Years 2008-09 to 2013-14. Further the Company has filed a reply in response to notice issue under section 274 r.w.s. 271(1)(c) that there is no concealment of income or furnishing inaccurate particulars and hence request to drop the penalty proceeding initiated. The CIT(A) has passed order for Assessment Years 2008-09 to 2011-12 and partly allowed the appeal. The Company has preferred further appeal before the Income Tax Appellate Tribunal against Order passed by the CIT(A). The Company is hopeful of getting favourable order from appellate authorities and does not foresee any financial implication on financial statements.

c) With regard to supply of power to Bihar Discoms, the Company during the year had shifted from Short term Open Access (STOA) to Long term Open Access (LTOA) and Power Grid Corporation of India Limited (PGCIL) the transmission service provider, had recovered for both the STOA and LTOA charges for the month of July-August 2017. The Company is of the opinion that it cannot be held liable to pay the LTA charges for the period from July 9, 2017 to August 1, 2017 on account of the fact that the power of the Petitioner was scheduled under STOA and not LTA and as such the Company has already made payment of the STOA charges as availed by it.The Company had disputed duplication in compensation for the transmission charges claimed and has filed a petition before CERC vide Case no. 35/MP/2018 seeking direction to PGCIL to refund the excess recovery or adjust with future Long term access (LTA) bills, the LTA charges paid by the Company under protest. The Company is hopeful of getting favourable order and does not foresee any financial implication on financial statements.

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d) The Company had appointed SEPCO Electric Power Construction Corporation (SEPCO) as the engineering, procurement and construction contractor for the power project pursuant to an international competitive bidding process and executed the EPC Contract capturing the entire scope of works for the project and other arrangements. The delays under the EPC Contract and other disputes arising between SEPCO and the Company has resulted in SEPCO has invoking the arbitration clause of the EPC Contracts. The Company had invoked the Bank Guarantees of SEPCO amounting to Rs 5,792.63 Million (March 31, 2017 : Rs. 5,792.63 Million) on November 12, 2014 for Liquidated Damages and other Claims as detailed in Note 17 (b). The Arbitral Tribunal has been constituted and pursuant to the invocation of Arbitration clause and consequently during the year SEPCO has filed its statement of claims, claiming a sum of USD 0.48 Million + Rs.7,051.80 Million + CNY 1,352.48 Million (approximately Rs. 1,967 Crores as per legal counsel) being the amount due from the Company towards its claims on cost incurred by SEPCO due to delays, payments towards Reliability Run Test (RRT) and Performance Guarantee Test (PGT), loss of profit, etc. The Company has also filed its reply to the statement of claims of SEPCO and filed its counter claims approximating to Rs 1218 crores and CNY 439 million (legal counsel estimation). The management has received legal advice that the claims filed before the Arbitral Tribunal by SEPCO is contractually weak and the outcome of Arbitral proceedings will therefore, to a great extent depend on the evidence which will be presented by each party in support of their claims before the Arbitral Tribunal. In view of the same, the Company is hopeful of getting favourable order and does not foresee any financial implication of counter claims on financial statements.

e) The Company has entered into a Bulk Power Transmission Agreement with Power Grid Corporation of India Limited (PGCIL) for availing Long Term Access (LTOA) for inter-state transmission of 800 MW of power from its three units of generating station on long term basis. During the earlier year, one of the unit was subsequently connected with the Odisha State Transmission System, thereby resulting in the reduction of connectivity upto 647 MW considering auxiliary consumption. PGCIL failed to make necessary corrections in the LTA/BPTA on account of reduction in connectivity but allocation remain unchanged to the Company despite repeated requests to modify the same thus, making Company liable for relinquishment charges. The Company has filed a petition before CERC ie 41/MP/2016 seeking relief on relinquishment charges which was rejected by CERC in its Order dated December 8, 2017. The Company has filed petition no.43 of 2018 before APTEL against the impugned CERC order dated December 8, 2017. The Company sought relief for set aside the order dated December 8, 2017 in 41/MP/2016 and modify the BPTA dated February 24, 2010 to 647 MW without any liability on the Company. The Company till date has not received any demand for monthly payments on the relinquished capacity nor for relinquishment charges as per the information available with the Company. The management is of the opinion that the grant of LTOA is beyond the generation capacity of the plant and requirement of reduction of LTOA was not on Company's own accord but was forced due to reasons attributable to implementing agencies. The Company is hopeful of getting relief as requested in its petition before APTEL and does not foresee any financial implication on such relinquishment that requires any adjustments to the financial statements.

II. Capital and other Commitments

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Capital Commitment	64.12	-
Other commitments	250.00	260.00

33 The Company has been made a party to various litigations with relation to land acquired by Orissa Industrial Infrastructure Development Corporation (IDCO) for its power project. The compensation award has already been deposited with the Government and the possession of all these lands have already been handed over to Company. In all these matters, as of now, there are no adverse interim orders. The cost of land involved in the litigations out of the total project area is not significant. In view of the above status, the Management of the Company has been legally advised that the petitions filed against company are not tenable and it does not foresee any adverse financial impact arising from these litigations on the financial statements of the Company.

34 The Management of the Company is of the opinion that no provision is required to be made in its books of account other than those already provided if any, with respect to any material foreseeable losses under the applicable laws, accounting standards or long term contracts including derivative contracts.

35 Employee Benefits

a) Defined Contribution Plans :

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

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Provident and pension fund	18.57	16.89
Superannuation fund	10.03	9.25
Total	**28.60**	**26.14**

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b) Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2018 and March 31, 2017:

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
i) Change in defined benefit obligation		
Defined benefit at the beginning	22.42	17.78
Current Service Cost	4.05	4.11
Past Service Cost	3.10	-
Interest expenses	1.47	1.19
Acquisition Cost/(Credit)	(0.89)	(0.22)
Remeasurements - Actuarial loss / (gain)	2.90	4.49
Benefits paid	(3.44)	(4.93)
Defined benefit at the end	**29.61**	**22.42**
ii) Change in fair value of plan assets:		
Fair value of Plan Assets at the beginning	18.65	19.47
Expected return on plan assets	1.34	1.43
Acquisition Adjustment	(1.14)	-
Actuarial gains/ (losses)	0.46	(0.10)
Contributions by employer	5.12	2.78
Benefits paid	(3.44)	(4.93)
Fair value of plan assets at the end	**20.99**	**18.65**
iii) Amount Recognized in the Balance Sheet		
Present Value of Obligation as at year end	29.61	22.42
Fair Value of plan assets at year end	(20.99)	(18.65)
Net (asset) / liability recognised	**8.62**	**3.77**
iv) Amount recognized in the Statement of Profit and Loss under employee benefit expenses.		
Current Service Cost	4.05	4.11
Past Service Cost	3.10	-
Net interest on net defined benefit liability / (asset)	0.13	(0.24)
Total expense	**7.28**	**3.87**
v) Recognised in other comprehensive income for the year		
Remeasurement of actuarial gains/(losses) arising from		
- changes in experience adjustments	4.12	3.20
- changes in financial assumption	(1.22)	1.29
- changes in demographic assumptions	-	-
- return on plan assets excluding interest income	(0.46)	0.10
Recognised in other comprehensive income	**2.44**	**4.59**
vi) Quantitative sensitivity analysis for significant assumptions is as below:		
Increase / decrease on present value of defined benefit obligation as at year end		
(i) one percentage point increase in discount rate	(2.34)	(1.80)
(ii) one percentage point decrease in discount rate	2.72	2.11
(iii) one percentage point increase in salary escalation rate	2.50	1.80
(iv) one percentage point decrease in salary escalation rate	(2.18)	(1.63)
(v) one percentage point increase in employee turnover rate	0.28	0.15
(vi) one percentage point decrease in employee turnover rate	(0.33)	(0.19)

Sensitivity Analysis Method

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

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

Investment with Insurer managed funds - conventional products	100%	100%

viii) The weighted average assumptions used to determine net periodic benefit cost for the year ended March 31, 2018 and March 31, 2017 are set out below:

	March 31, 2018	March 31, 2017
Discount rate (p.a.)	7.60%	7.10%
Weighted average rate of increase in compensation levels	6.00%	6.00%
Weighted average duration of defined benefit obligation	10 Years	10 Years

As of March 31, 2018, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately Rs.2.72 Million.

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As of March 31, 2018, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately Rs.2.50 Million.

The Company contributes all ascertained liabilities towards gratuity to the Life Insurance Corporation of India (LIC). As of March 31, 2018 and March 31, 2017, the plan assets have been invested in insurer managed funds.

The Company expects to contribute Rs.5.12 Million to the gratuity fund during FY 2018-19.

Notes:
i. The estimates of future salary increases, considered in actuarial valuation, take into consideration for inflation, seniority, promotion and other relevant factors.
ii. The expected return on plan assets is determined considering several applicable factors such as the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching Government bonds.

c) **Leave Encashment**
Liability towards Leave Encashment based on Actuarial valuation amounts to Rs. 41.61 Million as at March 31, 2018 [March 31, 2017: Rs. 47.98 Million].

36 Operating Lease
The Company has entered into certain cancellable operating lease agreements mainly for office premises, space of car parking and furniture hire. Under these agreements refundable interest-free deposits have been given.

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
Lease rentals under cancellable lease	27.29	25.92

37 List of Related Parties with whom transactions have taken place during the year:

a) Parties where control exists :

Holding Company	GMR Energy Limited [GEL]
Enterprises having control over the Company	GMR Enterprises Private Limited [GEPL] (formerly known as GMR Holdings Private Limited) GMR Infrastructure Limited [GIL] GMR Generation Assets Limited [GGAL] (formerly known as GMR Renewable Energy Limited)
Fellow Subsidiary	GMR Power Corporation Limited [GPCL] GMR Warora Energy Limited [GWEL] (formerly known as EMCO Energy Limited) GMR Corporate Affairs Private Limited [GCAPL] RAXA Security Services Limited [RSSL] GMR Energy Trading Limited [GETL] GMR (Badrinath) Hydro Power Generation Private Limited [GBHPL] GMR Coal Resource PTE Ltd [GCRPL] Delhi International Airport Private Limited [DIAPL] GMR Chhattisgarh Energy Limited [GMRCEL] GMR Bajoli Holi Hydropower Private Limited [GBHHPL] GMR Infrastructure (Singapore) Pte Limited [GISPL] GMR Krishnagiri SEZ Limited [GKSL] GMR Gujarat Solar Power Private Limited [GGSPPL] GMR Hyderabad International Airport Pvt Ltd GMR Goa International Airport Limited
Other entities	GMR Varalakshmi Foundation [GVF] GMR Varalakshmi DAV Public School [GVDPS] GMR Family Fund Trust [GFFT]
Key Management Personnel	Sri. B V N Rao (Executive Chairman) [till August 31, 2016] Sri. R Raveendranathan Nair (Whole Time Director) [till November 18, 2016] Sri. Ramesh R Pai (Whole-time Director) [w.e.f., November 18, 2016]
Non-executive directors	Sri. Aditya Agarwal Sri. M Ramachandran Sri. S Rajagopal Sri. N C Sarabeswaran [till August 31, 2016] Sri. Prakash G Apte [till May 7, 2016]

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Details of the transactions are as follows : *

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
a. Sale of Energy		
GMR Energy Trading Limited [GETL]	1,350.67	1,339.05
b. Purchase of Coal		
GMR Infrastructure (Singapore) Pte Ltd.	1,108.42	966.08
c. Sale of fixed asset		
GMR Infrastructure Limited	0.37	-
d. Purchase of Power		
GMR Energy Trading Limited [GETL]	576.62	1,207.65
e. Remuneration paid to Key Management Personnel		
Sri. Ramesh Pai [w.e.f., November 18, 2016]	10.54	3.20
Sri. B V N Rao [up to August 31, 2016]	-	10.11
Sri. R Raveendranathan Nair [up to November 18, 2016]	-	7.59
f. Sitting fee paid to non-executive directors		
Sri. Aditya Agarwal	0.08	0.15
Sri. M Ramachandran	0.16	0.08
Sri. S Rajagopal	0.16	0.18
Sri. N C Sarabeswaran	-	0.03
Sri. Prakash G Apte	-	0.09
g. Staff Welfare Expenses		
GMR Varalakshmi DAV Public School [GVDPS]	6.28	9.33
GMR Infrastructure Limited	-	0.08
h. Rebate on Sale of Energy		
GMR Energy Trading Limited [GETL]	1.27	10.56
i. Rent & Hire Charges		
Delhi International Airport Private Limited [DIAPL]	22.39	8.82
GMR Corporate Affairs Private Limited [GCAPL]	0.07	0.41
j. Technical consultancy services paid to:		
GMR Infrastructure Limited [GIL]	65.83	98.70
k. Annual Maintenance Charges paid to:		
GMR Corporate Affairs Private Limited [GCAPL]	19.88	24.84
l. Security charges Paid to:		
RAXA Security Services Limited [RSSL]	78.44	84.92
m. Logo fees paid to		
GMR Enterprises Private Limited [GEPL] [Rs.1,120 (March 31, 2017 : Rs.1,113)]	-	-
n. Sale of Investments		
GMR Generation Assets Limited [GGAL]	-	0.20
o. Purchase of fixed assets		
GMR Warora Energy Limited [GWEL]	-	3.10
GMR Chhattisgarh Energy Limited [GMRCEL]	1.61	-
p. Purchase of Spares		
GMR Power Corporation Limited [GPCL]	0.32	-
q. Interest and Finance Charges Payable / Paid to:		
GMR Power Corporation Limited [GPCL]	-	330.72
r. *Equity Share Capital held by:*		
GMR Energy Limited [GEL]		
Opening Balance	18,784.40	18,476.71
Add: Transferred during the year	-	307.69
Closing Balance	18,784.40	18,784.40
s. Unsecured Subordinated debt / equity component from:		
GMR Energy Limited [GEL]		
Opening balance before fair value	3,909.16	3,808.43
Add: Received during the year	200.00	100.73
Closing balance before fair value	4,109.16	3,909.16
Less: Amount transferred to equity components, net of taxes	(3,854.01)	(3,683.94)
Add: Notional interest on debt component since beginning	287.33	222.73
Fair valued Subordinated debt closing balance	542.48	447.95
Equity components of Subordinated debt, net of taxes	2,567.38	2,465.92

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GMR Kamalanga Energy Limited
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Details of the transactions are as follows : *

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
t. Unsecured Inter-Corporate Loan and interest payable thereon from:		
GMR Power Corporation Limited [GPCL]		
Opening balance	3,221.26	2,923.61
Interest accrued net of withholding taxes	-	297.65
Interest payable to fellow subsidiary written back on instruction of equity participant	(275.31)	-
Closing Balance	2,945.95	3,221.26
u. Refundable security deposit receivable from:		
GMR Family Fund Trust [GFFT]	-	31.44
v. Capital advance paid towards civil works:		
GMR Infrastructure Limited [GIL]	91.75	87.35
w. Reimbursement of expenses on behalf of company:		
GMR (Badrinath) Hydro Power Generation Private Limited [GBHPL]		
- Misc Expenditure [Rs.581, March 31, 2017 : Rs. Nil]	-	-
GMR Gujarat Solar Power Private Limited [GGSPPL]		
- Misc Expenditure	0.03	-
GMR Bajoli Holi Hydropower Pvt Ltd		
- Guest House & Other Expenditure	-	1.68
GMR Hyderabad International Airport Pvt Ltd		
- Relocation Expenses	-	0.01
GMR Energy Trading Limited [GETL]		
- Transmission Charges	87.28	296.79
GMR Infrastructure (Singapore) Pte Ltd.		
- Demurrage charges	50.33	4.55
GMR Varalakshmi Foundation [GVF]		
- Community Development Expenses	16.55	9.03
x. Trade receivable from:		
GMR Energy Trading Limited [GETL]	154.19	-
y. Amount due from:		
GMR Chhattisgarh Energy Ltd	214.84	9.67
GMR Goa International Airport Limited	7.83	8.69
GMR Generation Assets Limited [GGAL]	-	0.20
z. Amount due to:		
GMR Power Corporation Limited [GPCL]	1.37	1.04
GMR Enterprises Private Limited [GEPL] (formerly known as GMR Holdings Private Limited)	-	3.73
GMR Warora Energy Limited [GWEL]formerly known as EMCO Energy Limited)	2.56	2.56
GMR Hyderabad International Airport Private Limited	0.01	0.01
GMR Infrastructure Limited [GIL]	142.91	192.50
GMR Krishnagiri SEZ Limited [GKSL]	0.15	-
GMR (Badrinath) Hydro Power Generation Private Limited [GBHPL]	-	-
RAXA Security Services Limited [RSSL]	2.95	9.21
Delhi International Airport Private Limited [DIAPL]	4.40	2.38
GMR Varalakshmi Foundation [GVF]	11.03	2.85
GMR Coal Resource PTE Ltd [GCRPL]	3.09	3.10
GMR Bajoli Holi Hydropower Pvt Ltd [GBHHPL]	1.55	1.55
GMR Infrastructure (Singapore) Pte Ltd [GISPL]	23.65	-
GMR Energy Trading Limited [GETL]	-	830.88
GMR Corporate Affairs Private Limited [GCAPL]	18.23	20.57

* - Related Party Transactions given above are as identified by the Management.

Compensation of key management personnel of the company

Rupees in Million

Particulars	March 31, 2018	March 31, 2017
a. Short-term employee benefits	0.12	1.61
b. Post-employment benefits (provident fund)	0.72	2.71
c. Termination benefits	-	-
d. Any other payment/benefit given to KMPs	9.70	16.57
Total	10.54	20.89

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

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

38 a) **Details of derivative instruments outstanding as on balance sheet date:**

Particulars	Type of Currency	Amount in Foreign Currency	Rupees in Million
March 31, 2018			
Cross currency Swap against External Commercial Borrowing	USD	-	-
Interest rate Swap against External Commercial Borrowing *	USD	-	-
March 31, 2017			
Cross currency Swap against External Commercial Borrowing	USD	53,760,000	3,526.66
Interest rate Swap against External Commercial Borrowing *	USD	280,638	18.41

* - The Company has taken interest rate swap on ECB w.e.f., October 1, 2014 for the balance period of the loan. Interest rate swap as on March 31, 2018 USD Nil [March 31, 2017: USD 53.76 Million].

b) **Details of foreign currency exposure which have not been hedged by any derivative instrument or otherwise as on balance sheet date:**

Particulars	Type of Currency	Amount in Foreign Currency	Rupees in Million
March 31, 2018			
Acceptances / Buyers' Credit for fuel supplies	USD	11,651,907	761.34
Retention Money Payable	USD*	50,369,624	3,291.15
Payables towards capital goods #	USD*	21,103,820	1,378.92
Payables towards fuel supplies and others	USD	1,366,403	89.28
	EUR	280	0.02
Interest accrued but not due :			
- Acceptance / Buyers' Credit	USD	84,335	5.51
March 31, 2017			
Acceptances / Buyers' Credit for fuel supplies	USD	8,629,061	566.07
Retention Money Payable	USD*	46,281,116	3,036.04
Payables towards capital goods #	USD*	19,390,820	1,272.04
Payables towards fuel supplies and others	USD	219,873	14.42
	EUR	280	0.02
	SGD	50,000	2.36
Interest accrued but not due :			
- External Commercial Borrowing (ECB)	USD	1,617,626	106.12
- Acceptance / Buyers' Credit	USD	11,846	0.78

* - includes amount payable as per books of account in CNY, however the payment will be made in equivalent USD.

- represents advance of USD 17,948,425 (March 31, 2017 : USD 16,491,550) netted off with liability.

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

40 The Company is engaged primarily in the business of generation and supply of power. As per the requirements of Ind AS 108, " Operating Segments", the principal revenue generating activities of the Company is from sale of power which is regularly reviewed by the Entity's Chief Operating Decision Maker (CODM). Accordingly, the management is of the view the Company has a single reportable segment and the requirements of reporting on operating segments and related disclosures as envisaged in Indian Accounting Standard 108 is not applicable to the present activities of the Company.

The Company's only segment being generation and sale of power comprises of three customers which have contributed more than 10% of the revenue during the year amounting to Rs.18,430.23 Million.

CHATURVEDI & SHAH MUMBAI CHARTERED ACCOUNTANTS

GMR KAMALANGA ENERGY LTD.

GMR Kamalanga Energy Limited

CIN: U40101KA2007PLC044809

Notes to the financial statements

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

As per our report of even date attached
For Chaturvedi & Shah
Chartered Accountants
Firm Registration Number : 101720W

Chandan Lala
Partner
Membership No.: 35671

CHATURVEDI & SHAH
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 24, 2018

For and on behalf of the Board of Directors
GMR Kamalanga Energy Limited

Ramesh Pai
Director
DIN: 07657400

S N Barde
Director
DIN: 03140784

Piyusa Mohanty
Chief Financial Officer

Subash Mittal
Company Secretary
Membership No.: FCS 8650

Place : New Delhi
Date: April 24, 2018

GMR KAMALANGA ENERGY LTD